

**BUSINESS IMPROVEMENT DISTRICT NO. 2**

**2021 OPERATING PLAN**

September 17, 2020

Submitted by:

Business Improvement District No. 2

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## **I. INTRODUCTION**

### **A. BACKGROUND**

In 1984, the State of Wisconsin created 66.1109 (formerly S. 66.608) of the Statutes (Appendix, Exhibit A) enabling Cities to establish Business Improvement Districts (BIDs).

The purpose of the law is:

“...to allow businesses within those districts to develop, to manage and promote the districts and to establish an assessment method to fund these activities.” (1983 Wis. Act. 184, Section 1, legislative declaration.)

The City of Milwaukee created Business Improvement District No. 2 (“BID-2”) and approved its initial operating plan via Common Council Resolution No. 870501, adopted by reference October 6, 1987. (Appendix, Exhibit F)

Since 1988, BID-2 has submitted yearly-amended plans adding and modifying its plan objectives as part of its ongoing management and promotion of the district, including in some instances its financing arrangements and assessment methodologies. This amended Plan shall govern operation of BID-2 during calendar year 2021.

### **B. PHYSICAL SETTING**

Business Improvement District No. 2 encompasses the Third Ward, which occupies a strategic location within the Milwaukee central business district (CBD). It is located adjacent to Interstate 794, just south of the downtown. The Third Ward is within 6 to 8 blocks of Downtown’s primary retail shopping district, although separated from it by I-794, an elevated expressway. The importance and proximity of Interstate 794, with its connections to the north, south and west have taken on new significance in light of the recent redesign and rebuild of the Hoan Bridge and Lakefront Gateway projects. The Third Ward includes the Summerfest grounds and is adjacent to the Milwaukee Lakeshore State Park. The Third Ward also occupies frontage along the Milwaukee River to the west and south.

The Third Ward contains a large concentration of historic late 19<sup>th</sup> and early 20<sup>th</sup> century industrial and warehouse buildings, and is one of the last remaining intact warehouse districts in the country. In 1984 the National Register of Historic Places accepted 70 buildings spanning approximately 10 square blocks as “The Historic Third Ward District.” While several individual buildings are outstanding architecturally, it is the overall “ensemble” which gives the Third Ward its special identity. The large number of older multistory buildings, located in close proximity, and the interrelationships between buildings and the overall environment give the Third Ward a character unique within the region.

The Third Ward’s strategic central location and its physical qualities help support its role as a high-value commercial and residential area. Wholesaling or other low density light-industrial uses might best be either selectively maintained or eventually phased out, given the area’s higher density development potential.

A primary objective of the Plan is to reinforce and enhance the historic image and character of the area through the renovation, rehabilitation and adaptive reuse of existing historic buildings and the encouragement of appropriate infill and new construction.

The City of Milwaukee worked with the Historic Third Ward in 1988 to create the first Tax Incremental Financing District within the boundaries of the Third Ward (“TID No. 11”) to finance construction of substantial physical public improvements within the Third Ward (the “TID improvements”). In 1998 the City of Milwaukee authorized the creation of a second Tax Incremental Financing District within the Third Ward (“TID No. 34”) to assist with the financing of the Riverwalk Project (as hereinafter described). In 2002 the project scope of TID No. 34 was amended to provide additional funds for the Riverwalk Project (as hereinafter described). In 2002 the City transferred a parcel of land at the

northeast corner of North Water and St Paul Ave. to BID-2 as part of its commitment towards creating a Milwaukee Public Market. The City has also, through its Redevelopment Authority, authorized a conduit borrowing mechanism, which allowed BID-2 to initiate and complete the Third Ward Water Street Parking Structure (as hereinafter described). In April 2006, TID No. 11 was retired. In 2011 the City signed a lease agreement with BID-2 to manage and maintain both Catalano Square and Erie Street Plaza. In 2014 the City of Milwaukee authorized Amendment 3 to TID No. 56 to finance public improvements to North Milwaukee Street and East Corcoran Avenue.

## **II. DISTRICT BOUNDARIES**

The Business Improvement District is illustrated by Appendix, Exhibit B. It includes 177 taxable parcels and 38 exempt parcels, either, city, county, state, or otherwise exempt. There are 743 residential parcels in the District that are also exempt from BID assessments.

The boundaries of the District shall be as follows: The eastern boundary shall be the western edge of Lake Michigan; the southern and southwestern boundary shall be the northern and northeastern edge of the Milwaukee River; and the northern and western boundary shall be an irregular line described as follows: commencing on the northern edge of the Milwaukee River and the eastern line of the right-of-way of North 2<sup>nd</sup> Street, extended; thence north along the eastern line of the right of way of North 2<sup>nd</sup> Street, extended, to the northern edge of the right-of-way of St. Paul Avenue; thence east along the northern edge of the right-of-way of St. Paul Avenue to a point on the eastern line of the right-of-way of N. Plankinton Avenue; thence north along the eastern line of the right-of-way line of Interstate Highway 794; thence east along the south and southwest right-of-way line of Interstate Highway 794 to the western edge of the Milwaukee River; thence northeasterly along the western edge of the Milwaukee River to a point on the southern right-of-way line of E. Clybourn Street; thence easterly on E. Clybourn Street to the edge of Lake Michigan.

All tax keys, land areas and assessment figures are based on City of Milwaukee (DCD) Records dated June 2020 and the City of Milwaukee Website.

## **III. PROPOSED OPERATING PLAN**

### **A. PLAN OBJECTIVES**

The specific objective of BID-2 is to develop, redevelop, maintain, operate, promote, and advertise the area of the Historic Third Ward, identified herein as the "District." It is intended that the Board of BID-2 shall have all powers authorized by law, and by this Plan including, but not limited to the following powers in carrying out its objectives:

### **B. PROPOSED ACTIVITIES – YEAR 34**

#### **General**

1. Manage the affairs of the District. Take any actions appropriate and necessary to deal with the COVID-19 pandemic.
2. Elect officers and contract out work as are necessary to carry out these goals.
3. Comply with reporting and notice requirements of public records law and open meeting law.
4. Promote new investment and appreciation in the value of existing investments of property in the District.

5. Develop, advertise and promote the existing and potential benefits of the District.
6. Undertake, on its own account, public improvements and/or to assist in development, underwriting or guaranteeing public improvements within the District.
7. Acquire, improve, lease and sell properties within the District, and otherwise deal in real estate as necessary to promote the economic development of the District and specifically those projects enumerated in the plan objectives.
8. Assess against property in BID-2 area, pursuant to the assessment formulas referred to herein, amounts necessary to meet any obligations entered into to acquire interest in land and/or property, borrow funds, design, develop, construct, operate and maintain the properties and other projects enumerated in these plan objectives.
9. Make reimbursements, if necessary, out of its contingency fund for overpayments of BID-2 Assessments.
10. Enter into such agreements and to extend such guarantees as necessary to acquire interests in land and property, borrow funds, design, develop and construct the Water Street Parking Structure, the Milwaukee Street Parking Structure, the Third Ward Streetscapes, the Third Ward Riverwalk, the Riverwalk Connector, the Public Market, the Public Market District, Public Market Annex and such other projects enumerated in the plan objectives.
11. Take whatever action necessary to protect and maintain its status as a non-taxable governmental entity. As a BID, BID-2 is a quasi-governmental entity authorized by state statute; created, governed and appointed by the City through its legislative process, and as such, is for legal and tax purposes, an integral part of the creating municipality, both in terms of its structure and endeavors.
12. Enter into agreements to refinance existing debt and review additional possible funding instruments for District development.
13. Apply for, accept and use grants and gifts for any purposes consistent with the BID mission.
14. Be the sole member of BID#2 Operations, LLC, which shall employ the staff to facilitate the goals of the operating plan, the HTWA Market Project LLC, which shall employ the staff to operate and maintain the Milwaukee Public Market, and the Riverwalk Commons LLC, which will activate the public space along the river between St. Paul and Clybourn.
15. Contract with the Historic Third Ward Association, Inc., and others as necessary to carry out these goals.
16. Add to the security of the District as appropriate. Arrange for security and request increased police protection during the festival season.
17. Develop and implement a master operation and maintenance plan for the two Parking Structures, the parking lot at 2<sup>nd</sup> and Clybourn, the Streetscapes, and Riverwalk Improvements.
18. Work with Downtown BID#21 and other appropriate entities toward the development of a downtown dog park and any other projects as jointly deemed appropriate.

### **Streetscapes**

19. Plan, implement, operate, maintain and finance Streetscape improvements within the District.
20. Maintain the appearance of the neighborhood by working to ensure its safety and cleanliness.
21. Operate, maintain, lease and hold a special privilege for the ongoing financial and physical obligations of caring for and programming of the TID No. 11-funded Streetscape project.
22. Enter into agreements to complete public improvements as approved in the Third Amendment of TID 56 involving North Milwaukee Street and East Corcoran Street.
23. Enter into leases or other agreements with the City of Milwaukee or others to operate and maintain publicly accessible areas to enhance the live, work and play quality of the area.

24. Continue and expand efforts to identify and support the development of public green space. This may be accomplished by independent action, or preferably in conjunction with nearby or other stakeholders. Administrative and operational support may be provided. Act as an agent for contracted services, apply for and accept public and/or private grants and/or loans and whatever else is necessary to complete these projects.
25. Continue the Snow Removal Program for properties in the historic area.
26. Continue the Graffiti Removal Program and submit an application for a City of Milwaukee grant, if available.
27. Continue the efforts of street beautification and increase the hanging flower basket program when appropriate.
28. Continue to work with the City regarding Third Ward street lighting issues.
29. Extend the banner program to include Harbor Drive.
30. Continue to support public art installations throughout the neighborhood.

### **Parking Operations**

31. Operate and maintain a Parking Structure on the northwest corner of North Milwaukee and East Chicago Streets (the "Third Ward Milwaukee Street Parking Structure"). Hold a special privilege for this Parking Structure located at 212 North Milwaukee Street.
32. Operate and maintain a Parking Structure on the southeast corner of North Water and East Chicago Streets (the "Third Ward Water Street Parking Structure"). Hold a special privilege for this Parking Structure located at 225 East Chicago Street.
33. Enter into an agreement with the appropriate entities in order to operate and maintain surface parking lot at 2<sup>nd</sup> & Clybourn streets.
34. Use current and accumulated ramp revenues, as described in the Parking Ramp Cooperation and Development Agreement dated 6/13/94, to first pay normal and customary operation and maintenance costs of the structures, second fund repayment of City of Milwaukee Redevelopment Authority Bonds issued for the Historic Third Ward Parking Facility Project, third, fund an interest rate stabilization reserve, fourth pay such normal and necessary borrowing expenses, remarketing fees and other appropriate banking expenses.
35. Continue to offer the merchant/business coupon validation program in the parking structures as deemed appropriate.

### **Riverwalk**

36. Operate and maintain a Riverwalk system through the District along the Milwaukee River.
37. Assess against property in the TID No. 34 area, per the formula described hereafter, those amounts necessary to finance the debt service coming due from time to time under the bonds for the TID Improvements.
38. Maintain existing loan agreements with individual Riverwalk property owners on terms agreed upon to finance Riverwalk improvements.
39. Maintain existing loan agreements with the City for funds necessary to finance Riverwalk.
40. Assess against property in the District those amounts necessary to finance the loans and construction costs as described hereafter connected with the creation of the Riverwalk.
41. Operate, maintain, lease and hold a special privilege for the ongoing financial and physical obligations of caring for and programming of the Riverwalk Project.
42. Remit to the City the seventeenth payment toward the Riverwalk loan in the amount of \$47,209.00 and the sixteenth payment of the Dockwall loan in the amount of \$36,522.40 for a total of \$83,731.40.

43. With the completion of the Riverwalk Connector, the City requested that BID-2 take over the maintenance component of this project. This portion of the Riverwalk extends from the Clybourn St. Bridge to the Chase Bank building and is outside the area of BID-2. In return, the City will include a yearly Riverwalk Connector Maintenance Contribution to BID-2. For 2021 the amount shall be \$18,000. The City will also include \$5,000 in the DPW budget to mitigate costs associated with removing snow accumulation on Broadway.
44. Enter into leases or other agreements with the City of Milwaukee or others to develop, operate and maintain the north extension of Riverwalk Park located east of river, west of Water Street from St. Paul Avenue to Clybourn Street.

#### **Public Market**

45. Operate, maintain and manage a public market on the north side of St. Paul Ave. between N. Water and N. Broadway.
46. Operate and maintain a public market annex at 346 N Broadway.
47. Hold a special privilege for the ongoing financial and physical obligations of caring for and programming of the Milwaukee Public Market and Annex.

#### **Contracted Services**

48. The Business Improvement District has a contractual agreement that the Historic Third Ward Association (HTWA) will do the following in 2021:
  - Continue to carry out HTWA strategic plan that was updated in January 2017.
  - Continue to participate in the implementation of the City of Milwaukee's Master Plan.
  - Maintain a bookkeeping, payroll and monthly financial reporting system.
  - Continue to enhance HTWA benefits of membership.
  - Coordinate events, promotion and advertising. Events currently are, but are not limited to, Christmas in the Ward, Gallery Night & Day, World's Largest Coffee Break, and the Third Ward Art Festival.
  - Coordinate rental of parks and maintain yearly calendar.
  - In cooperation with Milwaukee World Festival, Inc., continue to address issues including crowd control, traffic, crime and clean up during events, especially during Summerfest.
  - Maintain ongoing involvement with downtown stakeholders to develop retail and marketing strategies.
  - Maintain ongoing involvement with downtown stakeholders to develop transportation strategies.
  - Maintain involvement with the Friends of Lakeshore State Park.
  - Accept donations and grants on behalf of the BID as appropriate.
  - Continue operation of an office for the District which is open to the public.
  - Promote publicity and media coverage of District activities.
  - Publish and distribute business-to-business directories, brochures, and other promotional materials as appropriate.
  - Plan and coordinate special events.
  - Introduce new businesses and provide information to all members and constituents.
  - Promote appropriate activities that support Third Ward merchants.
  - Hold security meetings as necessary.

- Continue to update the Website on an as-needed basis ensuring all posted information is accurate and up to date.
  - Continue sending mass-emails to all Third Ward businesses for announcing neighborhood news and events.
  - Increase promotion of events, sales, promotions and activities on social media.
  - Continue to develop appropriate relationships with District residents.
49. The BID may enter into other contracted services as necessary to carry out successful implementation of the operating plan.

**C. PROPOSED 2021 BUDGET FOR YEAR 34**

See Appendix, Exhibit D attached hereto and incorporated herein.

**D. FINANCING METHOD**

The proposed expenditures will be financed from revenues collected from general BID and Private Property assessments for Operating, Riverwalk Construction, Riverwalk Maintenance, and Special Assessments as well as net revenue from the BID's parking structures. It is estimated that the budget will raise \$573,030 through these assessments detailed on Appendix, Exhibit C, attached hereto and incorporated herein. Separately from this plan, as part of the City budget process, the City of Milwaukee shall contribute \$18,000 in support of the District, \$18,000 to maintain the Riverwalk Connector (a partnership including the City, Downtown Riverwalk District, and BID 2) portion of the Riverwalk and \$5,000 to mitigate cost associated with removing snow accumulation on Broadway. If for any reason, the City does not authorize in its budget process the contribution of \$18,000 for the maintenance of the Riverwalk Connector, the City will take over the full responsibility of maintaining it.

**E. ORGANIZATION OF BID BOARD**

The Board of BID-2 (Board)'s primary responsibility will be the implementation of the District Operating Plan. This will require the Board to negotiate with providers of services and materials to carry out the plan; to enter into various contracts; to monitor development activity; to revise periodically the District plan and to ensure District compliance with the provisions, applicable statutes and regulations.

State law requires that the Board is composed of at least 5 members and that a majority of the Board members be owners or occupants of property within the District.

BID-2 Board has been structured and is operating as follows:

- Board size - 9 members.
- Composition – at least seven members are owners or occupants of property within the District.
- Term - Appointments to the Board are for a period of 3 years.
- Compensation - None.
- Meetings - All meetings of the Board shall be governed by the Wisconsin Open Meetings law.
- Record Keeping - Files and records of the Board's affairs shall be kept pursuant to public record requirements.
- Staffing - The Board may employ staff and/or contract for staffing services pursuant to this Plan and subsequent modifications thereof.



- Meetings – The Board shall meet regularly, at least annually, in keeping with the by-laws as stated in Appendix, Exhibit G. The Board shall adopt rules of order to govern the conduct of its meetings.
- The Board shall submit to the City the results of its annual audit, which shall be conducted by a qualified certified public accountant.

The following have been appointed by the Mayor to the Board and are currently serving as members:

<b>Name</b>	<b>Affiliation</b>	<b>Term Ends</b>
Kendall Breunig	BID-2 Property Owner	7/20/2021
Marianne Burish	BID-2 Property Owner	8/21/2023
Michael DeMichele	BID-2 Property Owner	1/18/2022
Michael Gardner	BID-2 Property Representative	8/20/2023
Robert Joseph	BID-2 Property Owner	7/27/2023
Ann Pieper Eisenbrown	BID-2 Property Owner	8/31/2023
Ronald San Felippo	BID-2 Property Owner	4/25/2020
Greg Uhen	BID-2 Property Owner	2/21/2020

**F. RELATIONSHIP TO HISTORIC THIRD WARD ASSOCIATION**

The Historic Third Ward Association, Inc. (HTWA) is a 501(c)(3) tax exempt entity. Members, officers and directors of each may be on each board. The HTWA shall remain a private organization not subject to the open meeting law, and not subject to the public records law except for its records generated in connection with its contact with the BID-2 Board, and may, and it is intended, contract with BID-2 to provide services to BID-2, in accordance with BID-2’s operating plan. Any contracting with HTWA to provide services to BID-2 shall be exempt from the requirements of 62.15, Wis. Statutes because such contracts shall not be for the construction of improvements or provision of materials. If BID-2 does contract for the construction of improvements or provision of materials, it shall follow the requirements of such statutes to the extent applicable. Further, the annual accounting required under 66.1109 (3)(c), Wis. Statutes, shall be deemed to fulfill the requirements for 62.15(14) Wis. Statutes. BID-2 Board and the City shall comply with the provisions of 66.1109 Wis. Statutes, before the City inserts assessments for this BID plan onto the tax bills for the parcels assessed hereunder, only to the extent required by law, to create a lien on the parcels assessed.

**IV. METHOD OF ASSESSMENT AND DISBURSEMENT**

BID-2 voted on September 10, 2003 to change its Assessment Formula to a value based method that uses the City’s Assessed Valuation, as on Jan 1, of the same year, as the determination factor to assess individual property owners of their share of the Assessments.

**A. ASSESSMENT RATE AND METHOD**

i. THE GENERAL ASSESSMENT

The variables used to determine the regular annual General Assessments are:

1. Value of the property as of January 1 of the year the Assessment is calculated, as determined by the City Assessors’ Office.
2. The Gross amount of the assessment.

The assessment methodology will work as follows:

Step 1.

Add up the value of all property subject to BID-2 Assessment.

Step 2.

Divide the amount of the assessment by the total value of the property (see 1 above) to create a valuation factor or mil rate.

Step 3.

Multiply the valuation factor times the assessed value of the property to determine each BID-2 Assessment on a property by property basis.

Step 4.

After compliance with the provision of Article IV, herein, the amount of regular assessment and contingent assessment for each parcel shall be submitted to the City of Milwaukee which shall include it as a separate line item on the real estate tax bill for that parcel next issued. The City shall collect such assessment with the taxes as a special charge, and in the same manner as such taxes, and shall turn over all monies so collected to BID-2 Board for distribution in accordance with BID-2 Plan by the 15<sup>th</sup> day of the month following such collection. All BID-2 Assessments shall be held by the City in a segregated account until it is released to BID-2 Board as provided herein.

As of January 1, 2020, the property in the District had a total assessable value of over \$328,936,460. This plan proposed to assess the property in the district at a rate of \$1.52 per \$1,000 of assessable value. This does not include special assessments agreed to by specific parcels.

Appendix Exhibit C lists the total amount to be raised through assessments in 2021 (Year 34) and the projected assessment for each parcel within BID-2. These assessment figures are estimates. They are based upon the following assumptions:

1. The budget contained herein is adopted.
2. Assessed values within the District are not changed from the Tax Commissioner's June 2020 figures.
3. The total number of parcels assessed under the Plan are parcels identified in Appendix, Exhibit C.

Assessments will vary if any or all of these assumptions prove incorrect. However, it is unlikely that actual costs, floor areas, land areas, assessed values and bonding factors will vary enough from assumed conditions to produce significant changes in projected assessments.

Assessments for individual parcels within BID-2 will be established each year over the life of the District. Thus, as parcels increase or decrease in value, their assessment obligations will change.

The assessment method is designed to reflect changing conditions with BID-2. If potential benefits increase for a particular parcel (e.g., if floor area is added or new construction takes place), the assessment value relative to other parcels will increase. If potential benefits decrease (e.g., if a building is demolished), the assessment value relative to other parcels will decrease. Any BID-2 Assessments collected by the City before or after the plan year for which the Assessments were made, shall be delivered to BID-2 Board by the 15<sup>th</sup> of the month following the month during which such sums were collected, and are to be used by BID-2 Board in the same manner as if received during the applicable Plan Year. This provision is intended to govern BID Assessments prepaid in December prior to the applicable Plan Year, as well as to delinquent and late payments made after the Plan Year.

The Board shall prepare and make available to the public and the City annual reports describing the current status of BID-2, including expenditures and revenues, at the same time it submits its amended Plan to the City for the following year. This report shall include an independent certified audit of the implementation of the Plan, which shall be forwarded to the City, and which shall be paid for out of BID-2's budget.

The presentation of this Plan to the City shall be deemed a standing order of the Board under Sec. 66.1109(4) Wis. Statutes to disburse BID-2 Assessments without necessity of an additional disbursement agreement, disbursement method, or accounting method.

Disbursements made under this Plan shall be shown in the City's Budget as a line item. Disbursement procedures shall be as follows: the City shall forward a check for the full amount of the assessment minus that which is assessed for replenishing the Bond Reserves for the Water Street Parking Structure, if any is due, to the offices of BID-2.

ii. THE RIVERWALK ASSESSMENT

Those properties identified in Appendix, Exhibit K "Riverwalk Development Agreement", which are operational, will be assessed per the methodology outlined in BID-2 No. 2 First Amendment to 1998 Operating Plan, incorporated herein as Appendix, Exhibit J beginning in 2004 (Plan Year 17).

iii. THE DOCKWALL ASSESSMENT

Those properties whose dock walls have been completed and which are identified in Appendix, Exhibits P will be assessed per their agreements with BID-2.

iv. RIVERWALK MAINTENANCE ASSESSMENT

Those properties identified in Exhibit K "Riverwalk Development Agreement", which were operational, were assessed per the methodology outlined in BID-2 No. 2 First Amendment to 1998 Operating Plan, and such additional Amendments as have succeeded it, incorporated herein as Appendix, Exhibit J, beginning in 2004 (Plan Year 17).

With the addition of the Riverwalk Connector Project identified in Appendix, Exhibit S "Fifth Amendment to Riverwalk Development Agreement" and Appendix, Exhibit T "Sixth Amendment to the Riverwalk Development Agreement," the City has agreed to fund BID-2 with an \$18,000 City Contribution toward maintaining this publicly owned portion, beginning in 2006 (Plan Year 19). In the event the \$18,000 is not allocated in the budget to BID-2 then the responsibility for maintaining the Riverwalk Connector shall be the City's.

With the addition of the Riverwalk Connector between MIAD and River Renaissance the City has asked BID No.2 to take on the annual cost of approximately \$200 to power three 70watt HPS lights and to replace as necessary. MIAD has agreed to connect the lights to their power source and will be reimbursed annually by BID No.2 before the end of each fiscal year, on or before May 31<sup>st</sup>. The City is responsible for all other maintenance of this Connector portion.

v. CONTINGENT ASSESSMENTS

To guarantee the repayment of bond interest for monies borrowed through RACM, to finance the construction of the Third Ward Water Street Parking Structure, BID-2 pledged to assess for any shortfall in the debt service reserve account, as described in BID-2 Third Amendment to 1998 Operating Plan, attached hereto as Appendix, Exhibit N. Any contingent assessment for this purpose shall be paid based on the General BID Assessment methodology.

The actual yearly assessment for each parcel will be established when the Common Council adopts the annual operating plan update. Appendix, Exhibit C shows the percentage of payment allocated to each parcel in BID-2 using the City's June 2020 figures.

## **B. EXCLUDED AND EXEMPT PROPERTY**

The Business Improvement District law requires the plan to include several specific statements:

1. Wis. Stats. 66.1109 (1)(f)(1m): the District will contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties will be assessed according to the standard formula because it is assumed that they will benefit from development in the District.
2. Wis. Stats. 66.1109 (5)(a): Property known to be used exclusively for residential purposes will not be assessed.
3. Wis. Stats. 66.1109 (5)(d): Property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. 70.11 or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.
4. Wis. Stats. 66.1109 (1)(f)(5): A legal opinion from the City of Milwaukee Attorney indicating that the plan complies with all applicable provisions of State law is attached to this section as Appendix, Exhibit H.
5. This Plan relies on the procedures adopted by the Common Council (Appendix, Exhibit F) and the City Attorney to review and express an opinion as to its legal sufficiency prior to action by the Common Council to adopt this plan as part of its budget.

Any property status change, after the submittal of the operation plan, that results in a refund of BID fees will be refunded and paid out of the 2021 budget.

## **V. RELATIONSHIPS TO THE COMPREHENSIVE PLAN AND THE ORDERLY DEVELOPMENT OF THE CITY**

### **A. CITY PLANS**

Historic building development became an important component of the City's overall downtown revitalization efforts beginning with the Grand Avenue Mall project. A "Master Plan" of Urban Design and Development Potentials for the Historic Third Ward was prepared with Milwaukee Department of City Development, in September of 1986. This Master Plan identified the need for and potentials of development in the Third Ward, and suggested BID-2 method for accomplishing such goals. This Plan is an outgrowth of these recommendations. The City has subsequently undertaken a number of planning studies involving the District, including a Downtown Master Plan, the development of Architectural Review Design Guidelines and the Third Ward Neighborhood Comprehensive Plan. These build on the original Third Ward Master Plan by putting the District in context with the City's Downtown and setting up standards, which promote the goals identified in the original Master Plan.

Creation of a Business Improvement District to facilitate District development is consistent with the City's plans and promotes the orderly development of the City in general and the Downtown area in particular.

**B. CITY ROLE**

The City of Milwaukee is committed to helping private property owners in the District promote its development. To this end, the City intends to play a significant role in the creation of the District and in the implementation of the development plan. In particular, the City will:

1. Pay the contribution adopted by the City in its budget process, referenced in IV, above, applied against the following parcels of public land:

3610926111	3978004000	4290124200	3920860100	3921727110
3921732000	3978007000	3920778100	3920624110	3921728000
3920623110	4298001000	3920879110	3921486210	3960001100
3920631111	4299999000	3921493111	3921489100	3959999112
3922178120	4299998000	3920757111	3921490111	
3978003000	4290124111	3920636111	3921492111	

2. Act as staff to the District through adoption of this plan and provide assistance as appropriate thereafter.
3. Monitor, and when appropriate, apply for outside funds that could be used in support of the District.
4. Collect assessments, maintain in a segregated account and disburse the revenues of the District to BID-2, along with identification of those BID-2 assessments included in the disbursement.
5. Review annual audits as required per 66.1109(3) (c) of the BID Statute.
6. Provide the Board, through the Tax Commissioner’s Office, on or before September 1 of each plan year, the official City records on assessed value and land area and building square footage for each tax key number within the District, as of January 1 of each plan year, for the purpose of calculating BID-2 assessments.
7. Encourage the County, State, and Federal Governments to support the activities of the District.

**VI. PLAN APPROVAL PROCESS**

**A. PUBLIC REVIEW PROCESS**

The Wisconsin Business Improvement District law establishes a specific process for reviewing and approving the creation and operation of BIDs. In addition to being subject to the open meetings law a BID is required to provide annual audited financial statements to the City. Additions or amendments to a BID’s Operating Plan must be passed as by the municipality’s legislative process. All appointments to a BID board must be nominated by the chief municipal officer and approved by the governing body.

All of the statutory requirements to create BID-2 were followed and are on file with the City’s Legislative Reference Bureau.

i. Changes to the Operating Plan

Specifically the statute allows BID-2 to change its Operating Plan annually or at other times by amendment, in both cases the process follows the same procedure.

- The Community and Economic Development Committee of the Common Council reviews the proposed changes to BID-2 Operating Plan at a public meeting and makes a recommendation to the full Council.

- If the Common Council approves, it is forwarded to the Mayor for final approval.

ii. Annual Appointment of BID-2 Board Members

Appointment of BID Board members is provided for under 66.1109 (3)(a) Wis. Statutes. The responsibility of the Board shall be as follows:

1. The nominating committee of BID Board No. 2 will forward, as board members terms expire or vacancies occur, a list of potential board members to the office of the Mayor 60 days prior to the expiration of such board member's term or as vacancies occur.
2. The Mayor will appoint members to the District Board with expiring terms at least 30 days prior to the expiration of such board member's term.
3. The Community and Economic Development Committee of the Common Council will review the Mayor's nomination at a public meeting and will make a recommendation to the full Common Council.
4. The Council will act on said recommendation.

## **VII. FUTURE YEARS OPERATING PLANS**

### **A. PHASED DEVELOPMENT**

It was anticipated that BID-2 would continue to revise and develop its operating plan annually, in response to changing development needs and opportunities within the District, subject to the purposes and objectives defined herein.

Section 66.1109(3)(b) of the Business Improvement District law permits the Board to annually review and make changes as appropriate in the District operating plan. Therefore, while this document outlines in general terms the complete development program, it focuses on Year 34 activities for calendar year 2021 (Plan Year), and information on specific land areas, building square footage, assessed values, budget amounts and assessment amounts.

This 2021 BID-2 Operating Plan will continue to apply the assessment formula against the assessed value as determined by the City as of January 1, 2020, to raise funds to meet the 2021 annual budget. The method of assessing shall not be materially altered except with the consent of the City as approved in the Operating Plan.

### **B. AMENDMENT, SEVERABILITY AND EXPANSION**

This Business Improvement District has been created under authority of Section 66.1109 of the Statutes of the State of Wisconsin. Should any court find any portion of this statute invalid or unconstitutional said decision will not invalidate or terminate the Business Improvement District and this Business Improvement District Plan should be amended to conform to the law without need of re-establishment. Should the legislature amend the statute to narrow or broaden the process of a Business Improvement District so as amongst other things to exclude or include as assessable properties, a certain class or classes of properties, then this BID plan may be amended by the Common Council of the City of Milwaukee as and when it conducts its annual budget approval and without necessity to undertake any other act. All of the above is specifically authorized under Section 66.1109(3)(b).

## Appendix A

### Business Improvement District Statute

#### **.1109 Business improvement districts.**

**(1)** In this section:

**(a)** "Board" means a business improvement district board appointed under sub. (3) (a).

**(b)** "Business improvement district" means an area within a municipality consisting of contiguous parcels and may include railroad rights-of-way, rivers, or highways continuously bounded by the parcels on at least one side, and shall include parcels that are contiguous to the district but that were not included in the original or amended boundaries of the district because the parcels were tax-exempt when the boundaries were determined and such parcels became taxable after the original or amended boundaries of the district were determined.

**(c)** "Chief executive officer" means a mayor, city manager, village president or town chairperson.

**(d)** "Local legislative body" means a common council, village board of trustees or town board of supervisors.

**(e)** "Municipality" means a city, village or town.

**(f)** "Operating plan" means a plan adopted or amended under this section for the development, redevelopment, maintenance, operation and promotion of a business improvement district, including all of the following:

1. The special assessment method applicable to the business improvement district.

**1m.** Whether real property used exclusively for manufacturing purposes will be specially assessed.

2. The kind, number and location of all proposed expenditures within the business improvement district.

3. A description of the methods of financing all estimated expenditures and the time when related costs will be incurred.

4. A description of how the creation of the business improvement district promotes the orderly development of the municipality, including its relationship to any municipal master plan.

5. A legal opinion that subs. 1. to 4. have been complied with.

**(g)** "Planning commission" means a plan commission under s. 62.23, or if none a board of public land commissioners, or if none a planning committee of the local legislative body.

**(2)** A municipality may create a business improvement district and adopt its operating plan if all of the following are met:

**(a)** An owner of real property used for commercial purposes and located in the proposed business improvement district designated under par. (b) has petitioned the municipality for creation of a business improvement district.

**(b)** The planning commission has designated a proposed business improvement district and adopted its proposed initial operating plan.

**(c)** At least 30 days before creation of the business improvement district and adoption of its initial operating plan by the municipality, the planning commission has held a public hearing on its proposed business improvement district and initial operating plan. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the proposed initial operating plan and a copy of a detail map showing the boundaries of the proposed business

improvement district shall be sent by certified mail to all owners of real property within the proposed business improvement district. The notice shall state the boundaries of the proposed business improvement district and shall indicate that copies of the proposed initial operating plan are available from the planning commission on request.

- (d) Within 30 days after the hearing under par. (c), the owners of property to be assessed under the proposed initial operating plan having a valuation equal to more than 40 percent of the valuation of all property to be assessed under the proposed initial operating plan, using the method of valuation specified in the proposed initial operating plan, or the owners of property to be assessed under the proposed initial operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property to be assessed under the proposed initial operating plan, have not filed a petition with the planning commission protesting the proposed business improvement district or its proposed initial operating plan.
- (e) The local legislative body has voted to adopt the proposed initial operating plan for the municipality.
- (2m)** A municipality may annex territory to an existing business improvement district if all of the following are met:

  - (a) An owner of real property used for commercial purposes and located in the territory proposed to be annexed has petitioned the municipality for annexation.
  - (b) The planning commission has approved the annexation.
  - (c) At least 30 days before annexation of the territory, the planning commission has held a public hearing on the proposed annexation. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of a detail map showing the boundaries of the territory proposed to be annexed to the business improvement district shall be sent by certified mail to all owners of real property within the territory proposed to be annexed. The notice shall state the boundaries of the territory proposed to be annexed.
  - (d) Within 30 days after the hearing under par. (c), the owners of property in the territory to be annexed that would be assessed under the operating plan having a valuation equal to more than 40 percent of the valuation of all property in the territory to be annexed that would be assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property in the territory to be annexed that would be assessed under the operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property in the territory to be annexed that would be assessed under the operating plan, have not filed a petition with the planning commission protesting the annexation.
- (3)**

  - (a) The chief executive officer shall appoint members to a business improvement district board to implement the operating plan. Board members shall be confirmed by the local legislative body and shall serve staggered terms designated by the local legislative body. The board shall have at least 5 members. A majority of board members shall own or occupy real property in the business improvement district.
  - (b) The board shall annually consider and may make changes to the operating plan, which may include termination of the plan, for its business improvement district. The board shall then submit the operating plan to the local legislative body for its approval. If the local legislative body disapproves the operating plan, the board shall consider and may make changes to the operating plan and may continue to resubmit the operating plan until local legislative body approval is obtained. Any change to the special assessment method applicable to the business improvement district shall be approved by the local legislative body.



- (c) The board shall prepare and make available to the public annual reports describing the current status of the business improvement district, including expenditures and revenues. The report shall include one of the following:
1. If the cash balance in the segregated account described under sub. (4) equaled or exceeded \$300,000 at any time during the period covered by the report, the municipality shall obtain an independent certified audit of the implementation of the operating plan.
  2. If the cash balance in the segregated account described under sub. (4) was less than \$300,000 at all times during the period covered by the report, the municipality shall obtain a reviewed financial statement for the most recently completed fiscal year. The statement shall be prepared in accordance with generally accepted accounting principles and include a review of the financial statement by an independent certified public accountant.
- (cg) For calendar years beginning after December 31, 2018, the dollar amount at which a municipality is required to obtain an independent certified audit under par. (c) 1. and the dollar amount at which a municipality is required to obtain a reviewed financial statement under par. (c) 2. shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 2017, as determined by the federal department of labor. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10.
- (cr) The municipality shall obtain an additional independent certified audit of the implementation of the operating plan upon termination of the business improvement district.
- (d) Either the board or the municipality, as specified in the operating plan as adopted, or amended and approved under this section, has all powers necessary or convenient to implement the operating plan, including the power to contract.
- (4) All special assessments received from a business improvement district and all other appropriations by the municipality or other moneys received for the benefit of the business improvement district shall be placed in a segregated account in the municipal treasury. No disbursements from the account may be made except to reimburse the municipality for appropriations other than special assessments, to pay the costs of audits and reviewed financial statements required under sub. (3) (c), or on order of the board for the purpose of implementing the operating plan. On termination of the business improvement district by the municipality, all moneys collected by special assessment remaining in the account shall be disbursed to the owners of specially assessed property in the business improvement district, in the same proportion as the last collected special assessment.
- (4g) A municipality may convert a business improvement district under this section into a neighborhood improvement district under s. 66.1110 if an owner of real property that is subject to general real estate taxes, that is used exclusively for residential purposes, and that is located in the business improvement district petitions the municipality for the conversion. If the municipality approves the petition, the board shall consider and may make changes to the operating plan under s. 66.1110 (4) (b).
- (4m) A municipality shall terminate a business improvement district if the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50 percent of the assessed valuation of all property assessed under the operating plan, file a petition with the planning commission requesting termination of the business improvement district, subject to all of the following conditions:

- (a) A petition may not be filed under this subsection earlier than one year after the date the municipality first adopts the operating plan for the business improvement district.
- (b) On and after the date a petition is filed under this subsection, neither the board nor the municipality may enter into any new obligations by contract or otherwise to implement the operating plan until the expiration of 30 days after the date of hearing under par. (c) and unless the business improvement district is not terminated under par. (e).
- (c) Within 30 days after the filing of a petition under this subsection, the planning commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the operating plan and a copy of a detail map showing the boundaries of the business improvement district shall be sent by certified mail to all owners of real property within the business improvement district. The notice shall state the boundaries of the business improvement district and shall indicate that copies of the operating plan are available from the planning commission on request.
- (d) Within 30 days after the date of hearing under par. (c), every owner of property assessed under the operating plan may send written notice to the planning commission indicating, if the owner signed a petition under this subsection, that the owner retracts the owner's request to terminate the business improvement district, or, if the owner did not sign the petition, that the owner requests termination of the business improvement district.
- (e) If after the expiration of 30 days after the date of hearing under par. (c), by petition under this subsection or subsequent notification under par. (d), and after subtracting any retractions under par. (d), the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50 percent of the assessed valuation of all property assessed under the operating plan, have requested the termination of the business improvement district, the municipality shall terminate the business improvement district on the date that the obligation with the latest completion date entered into to implement the operating plan expires.

**(5)**

- (a) Real property used exclusively for residential purposes and real property that is exempted from general property taxes under s. 70.11 may not be specially assessed for purposes of this section.
- (b) A municipality may terminate a business improvement district at any time.
- (c) This section does not limit the power of a municipality under other law to regulate the use of or specially assess real property.
- (d) If real property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. 70.11 or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.

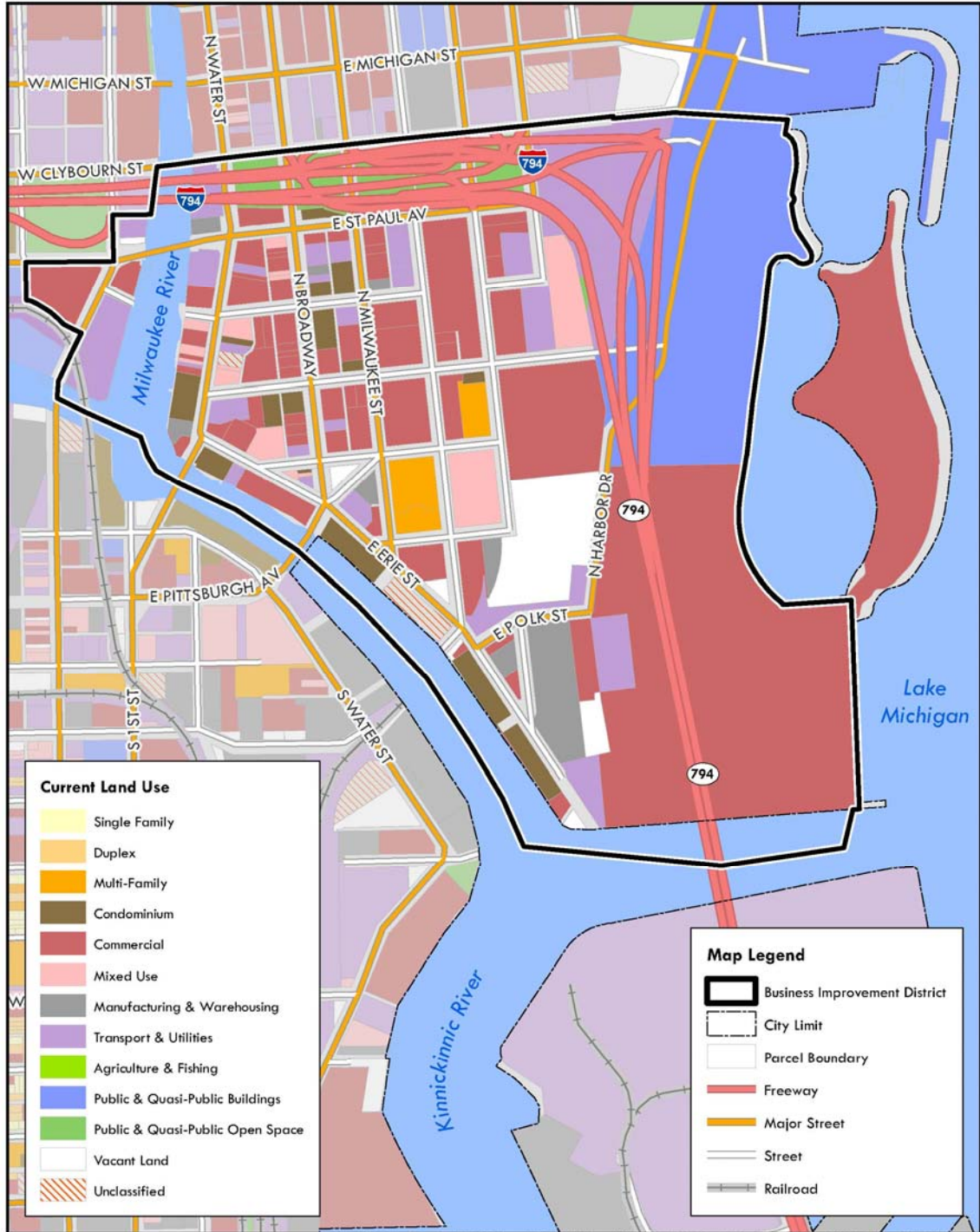
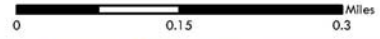
**History:** 1983 a. 184; 1989 a. 56 s. 258; 1999 a. 150 s. 539; Stats. 1999 s. 66.1109; 2001 a. 85; 2017 a. 59, 70, 189.

Appendix B

BID Boundaries (Map)

**BID NO. 2: HISTORIC THIRD WARD**  
CITY OF MILWAUKEE

Prepared by the Dept. of City Development Planning Division, 7/6/2017  
Source: City of Milwaukee Information Technology Management Division;  
Dept. of City Development Commercial Corridors Team



Document Path: E:\GIS\_Data\Projects\2017 Projects\17-01-30 Updated BID Maps\Up-Updated Maps (7-5-17)\Map - BID 2 - Historic Third Ward.mxd

Appendix C  
Year 34 Assessments

	<b>BID -2</b>	<b>Dockwall</b>	<b>Riverwalk</b>	<b>Riverwalk</b>	<b>Total</b>
	<b>Assessment</b>	<b>Assessment</b>	<b>Construction</b>	<b>Maintenance</b>	<b>Assessment</b>
	<b>499,999.98</b>	<b>23,328.56</b>	<b>12,252.00</b>	<b>10,800.00</b>	<b>546,380.54</b>
3610923100	867.79				867.79
3920231100	2,819.85				2,819.85
3920232000	1,133.66	\$ 4,286.00	\$ 2,076.00	\$ 1,880.00	9,375.66
3920471000	406.24				406.24
3920472000	406.24				406.24
3920521000	593.78				593.78
3920522000	350.56				350.56
3920640100	5,615.07				5,615.07
3920944212	5,186.11			\$ 3,312.00	8,498.11
3920948000	13,993.28	\$ 10,810.56	\$ 8,820.00	\$ 1,980.00	35,603.84
3920949000	1,527.55			\$ 816.00	2,343.55
3920950000	9,228.83	\$ 5,496.00		\$ 1,448.00	16,172.83
3920951000	1,513.86			\$ 915.00	2,428.86
3920952000	2,857.99	\$ 2,736.00	\$ 1,356.00	\$ 449.00	7,398.99
3920953000	313.81				313.81
3920954000	149.12				149.12
3920955000	6,727.74				6,727.74
3920962000	255.67				255.67
3920963000	254.00				254.00
3920966000	3,180.70				3,180.70
3920967000	2,374.32				2,374.32
3920968000	1,471.86				1,471.86
3920969000	395.36				395.36
3920970100	857.48				857.48
3920972100	14,382.26				14,382.26
3920973000	1,780.29				1,780.29
3920976100	6,632.59				6,632.59
3920977110	1,390.84				1,390.84
3920978100	23,980.76				23,980.76
3920980000	1,385.84				1,385.84
3920981000	1,654.12				1,654.12
3920985000	12,774.05				12,774.05
3920986000	3,110.53				3,110.53
3920987000	1,545.28				1,545.28
3920988000	2,087.03				2,087.03
3920989000	435.95				435.95
3920991000	7,768.82				7,768.82
3920992000	1,672.06				1,672.06
3920993000	4,755.49				4,755.49
3920994000	1,885.23				1,885.23
3920995000	384.43				384.43
3920996000	1,054.76				1,054.76
3921002000	11,715.48				11,715.48
3921007100	376.71				376.71
3921008000	478.51				478.51
3921010100	8,769.72				8,769.72
3921011000	6,858.92				6,858.92
3921018000	6,469.03				6,469.03
3921023000	1,417.90				1,417.90
3921024000	658.19				658.19
3921025000	9,476.00				9,476.00
3921027000	40,730.96				40,730.96
3921030000	6,683.65				6,683.65
3921031000	7,176.31				7,176.31
3921034100	6,399.11				6,399.11

	BID -2	Dockwall	Riverwalk	Riverwalk	Total
	Assessment	Assessment	Construction	Maintenance	Assessment
3921036100	4,943.05				4,943.05
3921037000	440.66				440.66
3921041111	13,860.57				13,860.57
3921062111	4,425.78				4,425.78
3921071110	9,228.83				9,228.83
3921089000	229.53				229.53
3921097110	394.46				394.46
3921100100	394.46				394.46
3921101000	2,882.32				2,882.32
3921102000	7,021.72				7,021.72
3921103100	869.62				869.62
3921105000	863.73				863.73
3921126113	9,204.97				9,204.97
3921150100	4,484.15				4,484.15
3921153000	594.34				594.34
3921169110	2,771.81				2,771.81
3921478110	2,975.50				2,975.50
3921480000	2,128.22				2,128.22
3921486110	2,919.26				2,919.26
3921734000	119.94				119.94
3921735000	265.50				265.50
3921736000	182.70				182.70
3922153100	718.98				718.98
3922154000	860.04				860.04
3922156110	537.95				537.95
3922173111	1,176.52				1,176.52
3922173114	10,847.39				10,847.39
3922178110	193.81				193.81
3922182000	408.89				408.89
3922183000	956.56				956.56
3922184000	464.62				464.62
3922521000	318.30				318.30
3922581100	348.24				348.24
3922582000	642.83				642.83
3922587000	578.69				578.69
3922588000	643.14				643.14
3922589000	350.83				350.83
3960002100	3,134.52				3,134.52
3960003100	2,325.22				2,325.22
3960021110	9,529.49				9,529.49
3960031000	702.26				702.26
3960032000	1,231.70				1,231.70
3960033000	1,479.47				1,479.47
3960034000	1,521.42				1,521.42
3960081000	1,182.14				1,182.14
3960082000	1,182.14				1,182.14
3960083000	806.24				806.24
3960148210	524.72				524.72
3960261000	981.80				981.80
3960262000	901.39				901.39
3960321000	1,585.41				1,585.41
3960322000	96.07				96.07
3960323000	53.51				53.51
3960324000	1,273.80				1,273.80
3960325000	1,077.86				1,077.86
3960326000	1,254.04				1,254.04
3960327000	3,357.79				3,357.79

	BID -2	Dockwall	Riverwalk	Riverwalk	Total
	Assessment	Assessment	Construction	Maintenance	Assessment
3960328000	2,840.97				2,840.97
3960329000	2,792.34				2,792.34
3960344000	918.11				918.11
3960351000	790.58				790.58
3960352000	783.13				783.13
3960361100	264.33				264.33
3960362000	542.20				542.20
3960391110	951.40				951.40
3960392110	1,062.51				1,062.51
3960393110	611.83				611.83
3960394110	582.18				582.18
3960395111	1,115.26				1,115.26
3960396110	401.75				401.75
3960397110	1,102.19				1,102.19
3960398111	1,516.10				1,516.10
3960400110	1,123.17				1,123.17
3960401111	1,761.36				1,761.36
3960402110	1,146.42				1,146.42
3960403110	1,880.30				1,880.30
3960404110	517.28				517.28
3960405110	481.85				481.85
3960406111	572.90				572.90
3960411000	1,858.11				1,858.11
3960531000	742.41				742.41
3960532000	674.64				674.64
3960541000	396.89				396.89
3960542000	395.97				395.97
3970109110	1,752.47				1,752.47
3970111110	3,014.72				3,014.72
3970241000	810.64				810.64
3970291000	480.18				480.18
3970431000	771.57				771.57
3970511000	17,310.34				17,310.34
3970561000	524.27				524.27
3970562000	324.23				324.23
3970563000	573.67				573.67
3970564000	1,964.51				1,964.51
3970661000	2,175.16				2,175.16
3970671000	4,424.86				4,424.86
3970672000	6,324.02				6,324.02
3970673000	609.54				609.54
3970674000	6,707.38				6,707.38
3970675000	597.23				597.23
3970676000	645.42				645.42
3970677000	132.22				132.22
3970679000	759.87				759.87
3970680000	1.98				1.98
4290101000	6,973.38				6,973.38
4290102000	302.18				302.18
4290115000	596.01				596.01
4290123110	1,972.43				1,972.43
4290130000	449.03				449.03
4290131000	255.07				255.07
4290132000	344.75				344.75

	BID -2	Dockwall	Riverwalk	Riverwalk	Total
	Assessment	Assessment	Construction	Maintenance	Assessment
4290133000	134.83				134.83
4290134000	50.46				50.46
4290221100	10,182.51				10,182.51
4290231000	1,316.05				1,316.05
4290232000	566.97				566.97
4290233000	458.45				458.45
4290421000	1,102.49				1,102.49
4290431000	2,359.27				2,359.27
4290432000	-				-
4290452000	1,232.91				1,232.91
4290461000	11,152.14				11,152.14

Appendix D

2021 Budget for Year 34

2021 Business Improvement District No. 2 Budget

Revenues	BID Budget	General BID	Streetscapes	Riverwalk	ARB	MSPS	WSPS
BID Assessment	\$ 439,252	\$ 439,252	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessment	\$ 115,879	\$ 8,750	\$ -	\$ 107,129	\$ -	\$ -	\$ -
City Maintenance Contributions	\$ 23,000	\$ -	\$ 5,000	\$ 18,000	\$ -	\$ -	\$ -
Parking Revenues	\$ 1,792,155	\$ -	\$ -	\$ -	\$ -	\$ 828,680	\$ 963,475
Rent Revenues	\$ 154,927	\$ 80,785	\$ -	\$ 2,500	\$ -	\$ 53,636	\$ 18,006
Cell Tower Rent	\$ 7,840	\$ -	\$ -	\$ -	\$ -	\$ 3,820	\$ 3,820
Interest	\$ 18,320	\$ 9,600	\$ -	\$ 8,720	\$ -	\$ -	\$ -
Possible Pull from Reserves	\$ 220,640	\$ 220,640	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 2,771,813</b>	<b>\$ 759,027</b>	<b>\$ 5,000</b>	<b>\$ 136,349</b>	<b>\$ -</b>	<b>\$ 886,136</b>	<b>\$ 985,301</b>
Operating Expenses	BID Budget	General BID	Streetscapes	Riverwalk	ARB	MSPS	WSPS
Payroll	\$ 1,003,309	\$ 114,519	\$ 209,276	\$ 82,166	\$ -	\$ 298,674	\$ 298,674
General Administration	\$ 50,000	\$ 47,100	\$ -	\$ -	\$ 250	\$ 1,625	\$ 1,625
HTWA Support	\$ 431,936	\$ 431,936	\$ -	\$ -	\$ -	\$ -	\$ -
WSPS Bonds	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Riverwalk Loans Interest	\$ 10,989	\$ -	\$ -	\$ 10,989	\$ -	\$ -	\$ -
Property & Liability Insurance	\$ 37,600	\$ 4,108	\$ 8,498	\$ 6,558	\$ -	\$ 9,682	\$ 8,755
Pandemic Supplies	\$ 2,000	\$ -	\$ 1,000	\$ -	\$ -	\$ 500	\$ 500
Real Est/Pers Prop Taxes	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 127,500	\$ 122,500
IT Service & Maintenance	\$ 16,000	\$ 15,000	\$ -	\$ -	\$ -	\$ 500	\$ 500
Telephone & Internet Access	\$ 17,500	\$ -	\$ -	\$ -	\$ -	\$ 10,500	\$ 7,000
Audit Services	\$ 13,000	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Fees	\$ 2,500	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -
Board & Member Events	\$ 800	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -
ARB Coordinator	\$ 18,000	\$ -	\$ -	\$ -	\$ 18,000	\$ -	\$ -
Riverwalk Park Extension	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -
Shuttle Program	\$ 22,000	\$ 22,000	\$ -	\$ -	\$ -	\$ -	\$ -
Parking Operations	\$ 10,200	\$ -	\$ -	\$ -	\$ -	\$ 5,100	\$ 5,100
Sales & Use Tax	\$ 97,986	\$ -	\$ -	\$ -	\$ -	\$ 45,577	\$ 52,408
Credit Card Fees	\$ 27,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 15,000
Regular Maintenance & Supplies	\$ 93,400	\$ -	\$ 32,300	\$ 10,500	\$ -	\$ 20,100	\$ 30,500
Vehicles - Fuel, Maint. Etc.	\$ 13,250	\$ -	\$ 13,250	\$ -	\$ -	\$ -	\$ -
Graffiti	\$ 1,500	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -
Beautification Program	\$ 51,000	\$ -	\$ 51,000	\$ -	\$ -	\$ -	\$ -
Major Maintenance	\$ 93,500	\$ -	\$ 60,000	\$ 10,000	\$ -	\$ 9,500	\$ 14,000
Streetscapes Fixtures	\$ 2,500	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 82,500	\$ -	\$ 5,500	\$ 6,500	\$ -	\$ 38,500	\$ 32,000
Special Projects	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 2,439,070</b>	<b>\$ 660,163</b>	<b>\$ 384,824</b>	<b>\$ 146,713</b>	<b>\$ 19,050</b>	<b>\$ 579,758</b>	<b>\$ 648,562</b>
<b>Revenue less Operating Expenses</b>	<b>\$ 332,743</b>	<b>\$ 98,865</b>	<b>\$ (379,824)</b>	<b>\$ (10,364)</b>	<b>\$ (19,050)</b>	<b>\$ 306,377</b>	<b>\$ 336,739</b>
Fixed Assets/Inventory	BID Budget	General BID	Streetscapes	Riverwalk	ARB	MSPS	WSPS
WSPS Bond Principal Payment	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Riverwalk Loans Principal Payment	\$ 72,743	\$ -	\$ -	\$ 72,743	\$ -	\$ -	\$ -
<b>Total Capital Expenses</b>	<b>\$ 332,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 260,000</b>
<b>Total Gain/Loss Before Depreciation</b>	<b>\$ 0</b>	<b>\$ 98,865</b>	<b>\$ (379,824)</b>	<b>\$ (83,107)</b>	<b>\$ (19,050)</b>	<b>\$ 306,377</b>	<b>\$ 76,739</b>
<b>Depreciation Recognized on 12/31</b>	<b>\$ 612,980</b>	<b>\$ 244,163</b>	<b>\$ 38,602</b>	<b>\$ 2,410</b>	<b>\$ -</b>	<b>\$ 163,127</b>	<b>\$ 163,687</b>
<b>Total Gain/Loss</b>	<b>\$ (612,980)</b>	<b>\$ (145,298)</b>	<b>\$ (419,425)</b>	<b>\$ (85,517)</b>	<b>\$ (19,050)</b>	<b>\$ 143,250</b>	<b>\$ (86,949)</b>



The following are the Appendices of the current and previous Business Improvement District No. 2 Operating Plans, and are incorporated herein by reference, unless amended by this document:

E. Petition for Creation of BID District

F. Common Council Resolution Creating Business Improvement District No. 2

G. BID-2 Bylaws

H. Statement of City Attorney

I. Development of Riverwalk Project

J. First Amendment to BID-2 1998 Operating Plan

K. Riverwalk Development Agreement

(a) Description and Timetable for Completion of all Project Segments

(b) Estimated Schedule of Repayments

(c) Estimated 2nd Year Riverwalk Project Assessments Per Property

(d) Estimated Riverwalk Project Budget

L. Second Amendment to BID-2 1998 Operating Plan

M. Development of Water Street Parking Structure

N. Third Amendment to BID-2 1998 Operating Plan

O. Dockwall Development Loan Agreement

P. 2021 Fiscal Year Dockwall Assessments Per Property

(1) 301 North Water

(2) 333 North Water

(3) 105 North Water

(4) 225 North Water

(5) 223 North Water

(6) 233 North Water

Q. Fourth Amendment to Riverwalk Development Agreement, First Amendment to Dockwall Development Loan Agreement and Third Amendment to Cooperation Agreement

R. First Amendment to Riverwalk Development Agreement for MIAD and Fourth Amendment to Cooperation Agreement for 511 E. Menomonee and 151 N. Jackson St Blight Designation Project

S. Fifth Amendment to Riverwalk Development Agreement

T. Sixth Amendment to Riverwalk Development Agreement

U. Resolution Dissolving TID 11

V. Third Ward Streetlight Agreement with the City

X. Third Amendment to TID 56

# **Business Improvement District #2**

## **Annual Report - (Sept. 2019 – Sept. 2020)**

### **Mission Statement/Vision/Priorities**

The Third Ward is Milwaukee’s premier mixed-use commercial district. It contains a large concentration of historic late 19<sup>th</sup> and early 20<sup>th</sup> century industrial and warehouse buildings, and is one of the last remaining intact warehouse districts in the country. In 1984 the National Register of Historic Places accepted 70 buildings spanning approximately 10 square blocks as “The Historic Third Ward District.” While several individual buildings are outstanding architecturally, it is the overall ensemble which gives the Third Ward its special identity. The large number of older multistory buildings, located in close proximity, and the interrelationships between buildings and the overall environment give the Third Ward a character unique within the region.

The Third Ward’s strategic central location and its physical qualities help support its role as a high-value commercial and residential area.

A primary objective of the Plan is to reinforce and enhance the historic image and character of the area through the renovation, rehabilitation and adaptive reuse of existing historic buildings and the encouragement of appropriate infill and new construction.

### **Financial Relationships w/ other entities**

BID #2 is a separate entity from the Historic Third Ward Association, Inc. (HTWA). Members, officers and directors of each may be on each board. The HTWA is an independent 501(c)(3) organization and it is intended that HTWA shall contract with BID #2 to provide services to BID #2, in accordance with BID #2’s operating plan.

### **Total Assessed Value of Properties within District**

The total BID-assessable commercial property within BID #2 is \$328,936,460 which is a 6.3% increase from 2019.

### **Core Programs**

- BID #2 board of directors met 3 times in 2019 and 4 times in 2020.
- BID#2 Operations LLC employs 15 full time, 4 part time and a few summer seasonal employees. Milwaukee Public Market employs 11 full time and, currently, 3 part time employees. When the pandemic allows events to resume, part time employees should return close to 25. HTWA employs 4 full time employees.
- BID #2 owns and manages two parking structures with a total of over 900 parking spaces and owns and operates the Milwaukee Public Market.
- Our operations crew maintains many landscaped areas in the neighborhood including the parks, the Milwaukee St. median and planters on sidewalks as well as over 240 hanging planter baskets in the neighborhood. New decorative banners were installed this summer.
- BID #2 maintains public spaces under agreement with the City of Milwaukee for Erie St. Plaza, Gas Light Park, Riverwalk Park, and, new this year, Trestle Park. Our crews also maintain and manage the Riverwalk from the freeway deck to Water St. bridge.
- BID #2 continues to support public art installations erected in the neighborhood, including Sculpture Milwaukee programs.

# **Business Improvement District #2**

## **Annual Report - (Sept. 2019 – Sept. 2020)**

- 2020 upgrades and repairs included an additional kayak and paddle board public landing at the Buffalo Stub end of the Riverwalk, 11 repaired and upgraded corner bump outs throughout the District's streetscape and rebuilt the pathway from Buffalo Stub End to the Riverwalk.
- Due to the COVID-19 pandemic, an additional 50 picnic tables were placed throughout the District and are sanitized daily.
- Security was enhanced in District owned parking structures as well a regular security presence was established throughout the district during overnight hours.
- Security camera operation was expanded and enhanced on District owned and other appropriate buildings.
- Development of Riverwalk Commons – a public space along the Riverwalk in the 400 block of Water Street - is ongoing.

### **Economic Development**

- 2019-20 saw continued robust economic development activity in the Third Ward. The Milwaukee Ballet's new Baumgartner Center for Dance opened in September 2019. The Baumgartner Center is the result of a \$26 million dollar capital campaign by the Milwaukee Ballet. The building is a 2-story, 52,000 sq. ft. facility that will operate as the headquarters for business staff and will be hosting classes for youth ballet dancers.
- The 322 N. Broadway building on Broadway was fully developed in 2020 and now has a major restaurant tenant.
- Milwaukee Artist Resource Network (MARN) moved into its new regional art center and marketplace in 5,000 sq. ft. on the first floor at 191 Lofts on Broadway building.
- A We Energies sub-station has been constructed on Jefferson with the project including a retail and residential building around it continuing its development.
- The Historic Third Ward continues to have minimal first floor vacancies and national and local retail/restaurants are viewing the neighborhood as one of Milwaukee's premier commercial neighborhood destinations.
- BID #2, MPM, and HTWA organizations met regularly the American Transmission Company's construction team to manage impacts of construction of the new power sub-station and transmission lines. In addition, there has been ongoing coordination with various cellular providers relative to District service.
- The Milwaukee Public Market brought 2,026,840 visitors to the neighborhood in 2019 and generated sales of almost \$20M, making it one the top three attractions in the region.
- Partner with BID 21, City of Milwaukee and other entities on the Brighten the Passage project on North Broadway, which enhanced connection between the two districts with new murals, lighting and streetscapes along the corridor under the I794 freeway.

### **Marketing & Branding**

- Historic Third Ward has substantial followers on Twitter, Instagram, Facebook and other social media platforms. The Milwaukee Public Market has its own robust social media outreach.
- Via the HTWA, we have engaged our core constituency through affinity groups meetings and online discussions. We have residential, retail/merchant, restaurant/bar, arts/cultural, and professional services affinity groups that meet at least quarterly.
- The neighborhood hosted several signature events in 2019 that brought thousands to the Third Ward; Christmas in the Ward, four Gallery Nights, World's Largest Coffee Break, Under One Moon,

# **Business Improvement District #2**

## **Annual Report - (Sept. 2019 – Sept. 2020)**

and the Third Wards Arts Festival. In 2020, the COVID-19 pandemic forced numerous cancellations and closures and caused most communication to take place virtually.

### **Partner/Collaborative Initiatives**

- BID #2 and HTWA are active members of: Downtown Neighbors Association, Friends of Lakeshore State Park, and regularly collaborate with nearby downtown stakeholders in Milwaukee Downtown BID #21, Westtown, East Town, Harbor District, Walker's Point, and Menomonee Valley.
- The Public Market continued its partnership development and charitable work throughout the year:
  - The Market continued its involvement in Milwaukee Public School's "School to Work – Career Assessment Training Program", in which the Market Management and a number of its vendors act as a worksite to train about 20 MPS students with special needs in a variety of job skills throughout the school year.
  - The MPM worked specifically with the muralists for the Brighten the Passage project, investing \$4,000 into the project and providing parking and equipment to keep expenses down.
  - The 40-Under-40 Class of 2020, to which the MPM Executive Director was named, coordinated an effort to help small businesses and health care workers by providing meals in April. The BID and its board members donated over \$6,000 to the cause and the MPM staff and equipment were used to help provide transportation and facilitation of the donations to health care facilities.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**

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## Independent Auditor's Report

Board of Directors  
Business Improvement District No. 2 and Subsidiaries

We have audited the accompanying consolidated financial statements of Business Improvement District No. 2 and Subsidiaries which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Business Improvement District No. 2 and Subsidiaries as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Ritz Holman LLP***

*Serving business, nonprofits, individuals and trusts.*

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Board of Directors  
Business Improvement District No. 2 and Subsidiaries

**Report on Summarized Comparative Information**

We have previously audited Business Improvement District No. 2 and Subsidiaries's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of statement of financial position consolidation, revenue and expenses - without donor restrictions, Milwaukee street parking structure revenue and expenses and Water Street parking structure revenue and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
July 2, 2020



**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**(With Summarized Totals for December 31, 2018)**

ASSETS	2019	2018
<b>CURRENT ASSETS</b>		
Cash	\$ 6,562,354	\$ 5,645,257
Net Property Assessment Receivable	564,280	564,280
Accounts Receivable	30,022	44,740
Due from Historic Third Ward Association	3,431	5,160
Accrued Interest - Notes Receivable	10,487	13,225
Prepaid Expenses	69,689	79,962
Inventory	266,893	157,789
Current Portion of Long-Term Notes Receivable	25,988	40,255
Total Current Assets	\$ 7,533,144	\$ 6,550,668
<b>FIXED AND INTANGIBLE ASSETS</b>		
Milwaukee Street Parking Structure - Building	\$ 5,720,556	\$ 5,698,817
Water Street Parking Structure - Building	5,816,191	5,794,452
Milwaukee Public Market Building	8,841,715	8,815,815
Milwaukee Public Market Equipment	217,317	217,317
342-6 N. Broadway Street Building	533,594	533,594
Land	1,639,631	1,639,631
Public Market - Furniture and Equipment	59,329	40,850
Public Market - Website	3,000	3,000
Public Market - Capital Improvements	64,410	46,745
Vehicles and Equipment	281,856	419,811
Riverwalk Docks	16,875	---
Total Fixed Assets	\$ 23,194,474	\$ 23,210,032
Less: Accumulated Depreciation	(10,344,334)	(9,906,624)
Net Fixed Assets	\$ 12,850,140	\$ 13,303,408
<b>LONG-TERM ASSETS</b>		
Notes Receivable - Property Owners	\$ 154,227	\$ 194,482
Less: Current Portion	(25,988)	(40,255)
Total Long-Term Assets	\$ 128,239	\$ 154,227
<b>OTHER ASSETS</b>		
Investments - Debt Service Funds	\$ 331,847	\$ 329,816
Bond Issuance Costs - Net of Accumulated Amortization	115,507	128,341
Total Other Assets	\$ 447,354	\$ 458,157
<b>TOTAL ASSETS</b>	<b>\$ 20,958,877</b>	<b>\$ 20,466,460</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 198,043	\$ 115,394
Accrued Payroll	94,920	79,629
Accrued Real Estate Taxes	478,727	357,762
Market Cards	207,951	180,221
Other Liabilities	77,888	53,875
Add: Current Portion of Long-Term Liabilities	320,232	302,810
Total Current Liabilities	\$ 1,377,761	\$ 1,089,691
<b>LONG-TERM LIABILITIES</b>		
Notes Payable	\$ 377,259	\$ 445,068
Net Long-Term Bond Liability	2,782,401	3,015,862
Deferred Revenue	489,096	486,235
Less: Current Portion	(320,232)	(302,810)
Total Long-Term Liabilities	\$ 3,328,524	\$ 3,644,355
<b>OTHER LIABILITIES</b>		
Security and Key Card Deposits	\$ 21,771	\$ 20,816
Total Other Liabilities	\$ 21,771	\$ 20,816
<b>TOTAL LIABILITIES</b>	<b>\$ 4,728,056</b>	<b>\$ 4,754,862</b>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Operating	\$ 14,741,632	\$ 14,186,758
Board Designated	989,189	978,291
Total Net Assets Without Donor Restrictions	\$ 15,730,821	\$ 15,165,049
With Donor Restrictions	500,000	546,549
Total Net Assets	\$ 16,230,821	\$ 15,711,598
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 20,958,877</b>	<b>\$ 20,466,460</b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>REVENUE</b>				
BID Assessments	\$ 37,550	\$ 500,000	\$ 537,550	\$ 530,663
City of Milwaukee Contributions	5,000	---	5,000	5,000
Parking Revenue	2,366,512	---	2,366,512	2,139,515
Maintenance Fees	10,080	---	10,080	10,592
Investment Income	90,707	---	90,707	51,692
Interest Income on Notes Receivable - Property Owners	10,487	---	10,487	13,225
Rental Income	204,764	---	204,764	165,678
Gain (Loss) on Disposal of Fixed Assets	5,000	---	5,000	17,568
Miscellaneous Income	18,822	---	18,822	296,142
HTWA Market Project Income	2,251,658	---	2,251,658	2,065,656
Net Assets Released from Restriction	546,549	(546,549)	---	---
Total Revenue	\$ 5,547,129	\$ (46,549)	\$ 5,500,580	\$ 5,295,731
<b>EXPENSES</b>				
Program Services				
BID #2	\$ 3,024,636	\$ ---	\$ 3,024,636	\$ 2,676,264
HTWA Market Project, LLC	1,903,228	---	1,903,228	1,875,600
Management and General	53,493	---	53,493	68,929
Total Expenses	\$ 4,981,357	\$ ---	\$ 4,981,357	\$ 4,620,793
CHANGE IN NET ASSETS	\$ 565,772	\$ (46,549)	\$ 519,223	\$ 674,938
Net Assets, Beginning of Year	15,165,049	546,549	15,711,598	15,036,660
NET ASSETS, END OF YEAR	\$ 15,730,821	\$ 500,000	\$ 16,230,821	\$ 15,711,598

The accompanying notes are an integral part of these financial statements.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**STATEMENT OF CONSOLIDATED FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	Program	Management and General	2019 Total	2018 Total
Professional Fees	\$ 21,985	\$ 19,250	\$ 41,235	\$ 53,557
Parking Lot Management/Staffing	287,220	---	287,220	527,396
Security	---	---	---	9,632
Contracted Services	40,743	---	40,743	43,255
Utilities	256,650	---	256,650	271,506
Equipment Expense	115,299	---	115,299	150,814
Maintenance	63,137	---	63,137	316,936
Real Estate Taxes	364,410	---	364,410	319,508
Bond Expense	16,634	---	16,634	57,182
Administrative Expense	---	34,243	34,243	49,929
Interest Expense	108,152	---	108,152	83,492
Licenses and Permits	1,513	---	1,513	339
Insurance	45,608	---	45,608	44,628
Architectural and Engineering Costs	18,664	---	18,664	18,838
Association Funding	299,144	---	299,144	299,144
Shuttle Program	30,145	---	30,145	15,573
Sales and Use Tax	185,800	---	185,800	172,740
Management Fees	126,044	---	126,044	103,146
Special Projects	130,051	---	130,051	42,697
Outdoor Market	(95)	---	(95)	150
Depreciation	626,145	---	626,145	593,987
Bank Charges and Credit Card Fees	86,778	---	86,778	74,797
Advertising and Marketing	86,265	---	86,265	59,455
Tenant Relocation Cost	---	---	---	---
Worker's Compensation	12,270	---	12,270	22,004
Salaries and Wages	1,240,411	---	1,240,411	693,997
Employee Benefits	158,522	---	158,522	74,804
Payroll Taxes	114,333	---	114,333	66,793
Retirement Expenses	18,505	---	18,505	2,790
Office Supplies	16,799	---	16,799	11,224
Kitchen Expenses	262,461	---	262,461	254,913
CAM Expenses	190,593	---	190,593	179,591
Meals and Entertainment	3,246	---	3,246	5,831
Bad Debt	290	---	290	---
Dues and Subscriptions	142	---	142	145
<b>TOTALS</b>	<b><u>\$ 4,927,864</u></b>	<b><u>\$ 53,493</u></b>	<b><u>\$ 4,981,357</u></b>	<b><u>\$ 4,620,793</u></b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 519,223	\$ 674,938
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	626,145	593,987
(Gain) Loss on Disposal of Fixed Assets	(5,000)	(17,568)
Unrealized Gain on Investment in Development Bonds	(2,031)	68,230
Amortization of Bond Issuance Costs	12,834	22,300
Amortization of Bond Issuance Discount	1,538	1,651
(Increase) Decrease in Accounts Receivable	14,718	3,760
(Increase) Decrease in Due from Historic Third Ward Association	1,729	(5,160)
(Increase) Decrease in Accrued Interest - Notes Receivable	2,738	9,450
(Increase) Decrease in Prepaid Expenses	10,273	(3,163)
(Increase) Decrease in Light Pole Inventory	(109,104)	35,617
(Increase) Decrease in Notes Receivable - Property Owners	40,255	37,692
Increase (Decrease) in Accounts Payable	82,649	(73,335)
Increase (Decrease) in Accrued Payroll	15,291	26,864
Increase (Decrease) in Accrued Lease Payable	---	(4,950)
Increase (Decrease) in Market Cards	27,730	7,428
Increase (Decrease) in Other Liabilities	24,013	10,867
Increase (Decrease) in Accrued Real Estate Taxes	120,965	(20,920)
Increase (Decrease) in Deferred Revenue	2,861	14,338
Increase (Decrease) in Due to Historic Third Ward Association	---	(15,981)
Increase (Decrease) in Structure Liabilities	---	(51,184)
Increase (Decrease) in Security Deposits	955	520
	<u>\$ 1,387,782</u>	<u>\$ 1,315,381</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	\$ (172,876)	\$ (265,294)
Proceeds from Sale of Fixed Assets	5,000	18,800
	<u>\$ (167,876)</u>	<u>\$ (246,494)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Notes Payable	\$ (67,809)	\$ (81,266)
Payments of Bond Issuance Costs	---	(128,341)
Redemption of Development Bonds	(235,000)	(220,000)
	<u>\$ (302,809)</u>	<u>\$ (429,607)</u>
Net Increase in Cash and Cash Equivalents	\$ 917,097	\$ 639,280
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,645,257</u>	<u>5,005,977</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,562,354</u>	<u>\$ 5,645,257</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 108,152	\$ 83,492

The accompanying notes are an integral part of these financial statements.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
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**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
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**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Business Improvement District No. 2 was created by the Common Council of the City of Milwaukee pursuant to Wisconsin Statutes and started operations in 1987. The Organization is exempt from tax as an Subsidiaries of a government unit. The Organization was formed with the primary objective to reinforce, promote, and enhance the historic image and character of Milwaukee's Historic Third Ward district through renovation, rehabilitation, and adaptive reuse of existing historic buildings.

**Consolidated Financial Statements**

The consolidated financial statements include the accounts of Business Improvement District No. 2, BID#2 Operations, LLC, and HTWA Market Project, LLC. BID#2 Operations, LLC and HTWA Market Project, LLC are Wisconsin limited liability companies. Business Improvement District No. 2 is the sole member of both BID#2 Operations, LLC and HTWA Market Project, LLC. All significant intercompany transactions and accounts are eliminated.

**Basis of Accounting**

The financial statements of Business Improvement District No. 2 and Subsidiaries (the "Organization") have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Inventory**

Inventory consists of light poles recorded at cost under the first-in-first-out method and apparel, wine, aprons and totes recorded at cost, with cost determined to be the average cost.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the fixed assets using the straight-line method. The Organization capitalizes fixed assets with a cost of \$10,000 and greater.

**Bond Issuance Costs**

Costs incurred in connection with the issuance of development revenue bonds during 1999 have been capitalized and are amortized over the life of the bonds using the interest method. The remaining issuance costs from 1999 were amortized during 2018.

Costs incurred in connection with the refinancing of development revenue bonds during 2018 have been capitalized and are amortized over the remaining life of the bonds using the interest method.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
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**NOTE A - Summary of Significant Accounting Policies (continued)**

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. No allowance for doubtful accounts was determined to be necessary at December 31, 2019.

**Notes Receivable**

Notes receivable are stated at unpaid balances and collected through tax assessments. Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Interest income is accrued when earned. The Organization does not charge late fees for notes. The accrual of interest on a note shall cease when payments are not received with the city's tax assessment payment. When the accrual of interest is stopped, any unpaid interest previously recorded as income shall be deducted from income. Any future payments received should be applied to reduce principal. At such time as full collection of the remaining recorded balance is expected in the ordinary course of business, interest payments may be recorded as interest income on a cash basis limited to that which would have recognized on the recorded balance at the contractual interest rate.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

At December 31, 2019, donor restricted net assets totaled \$500,000.

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated whence the barrier is not overcome. Amounts received for which the donor has limited the use of the asset or designated the gift as support for future periods are considered restricted support and included in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When the restriction on a contribution is met in the same reporting period as the contribution is received, the contribution is reported in net assets without donor restrictions.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
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**NOTE A - Summary of Significant Accounting Policies (continued)**

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service which the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Expenses**

The Organization allocates costs directly to program and management when appropriate. Certain expenses are attributable to one or more programs or supporting functions of the organization. Those expenses are allocated based on estimates of time and effort.

**NOTE B - Comparative Financial Information**

The financial information shown for 2018 in the accompanying financial statements is included to provide a basis for comparison with 2019. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

For comparability, certain 2018 amounts may have been reclassified to conform with classifications adopted in 2019. The reclassifications have no effect on reported amounts of net assets or changes in net assets.



**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
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**NOTE C - Accounting Change**

The Organization's financial statements have changed to adopt the Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), and all subsequently issued accounting updates issued to clarify the standards. These updates replaced most preexisting generally accepted accounting principles. The updates are effective for the year ended December 31, 2019. The updates are required and establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled.

The Organization's financial statements have changed to adopt the Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made effective for the year ended December 31, 2019. This update is required. The goal of this update is to help organizations determine reciprocal and nonreciprocal transactions and clarify areas within the codification. The guidance clarifies that an exchange transaction is when the resource provider receives equal value in return for what the resource provider pays. When the general public is the recipient of the service or goods, the transaction is not considered a reciprocal transaction, it is considered a contribution. The guidance also clarifies that a conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome. The Organization applied the changes on the modified retrospective basis within the summarized comparative information. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under Topic 606 while prior periods amounts are not adjusted and continue to be reported in accordance with legacy generally accepted accounting principles.

The adoption of this new standard did not result in a material impact to the Organization's financial statements. The largest impact of the adoption of the new standard is related to the allocation of transaction price for bundled services provided to the Organization's customers. There was no significant effect on the financial statements related to the adoption of this new standard which would require cumulative effect adjustment to net assets at the date of adoption under the modified respected method.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
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**NOTE C - Accounting Change (continued)**

**Future Accounting Pronouncements**

The organization will be required to implement Accounting Standards Update 2016-02, Leases (Topic 842). The effective date for ASU 2016-02 is for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements. It is to be adopted using the modified retrospective approach.

**NOTE D - Liquidity**

The Business Improvement District No. 2 is substantially supported by the revenue generated by tax assessments, parking income and retail rents. Thus, financial assets are almost wholly available for general expenditure within one year.

As of December 31, 2019, the BID had \$7,196,562 in liquid assets. About \$201,000 of these funds for a gift card program and other security and operating deposits. An additional \$978,291 is board-specified for the reserve and replacement needs of the Milwaukee Public Market property. \$300,000 is needed for cash flow purposes and the remaining \$5,717,271 is held in cash reserve for use as approved by the board.

The BID has \$23,194,474 in hard assets primarily in the form of two major parking structures, the Milwaukee Public Market building and 346 N. Broadway which currently has a long-term restaurant tenant. The BID also has an outstanding principal balance of \$2,782,401 for financing of the Water Street Parking Structure. Given the obligations and assets of the BID, and the long-term need to adequately support those assets as well as any future project the board may decide to undertake, the amount of cash held in reserve is deemed to be appropriate and the expectation is that the amount of cash reserves will continue to increase.

The policy of the BID is to approve a balanced budget in September to be included in its Operating Plan submitted to the City of Milwaukee Common Council for approval.

**NOTE E - Concentration of Credit Risk**

The Organization maintains cash balances at two financial institutions located in Milwaukee. Balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, the Organization's uninsured cash balances totaled \$268,510.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
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**NOTE F - Net Property Assessment Receivable**

The Organization receives assessments on properties in its district based on a formula suggested by the board and passed through the municipal legislative process. Net assessments receivable and temporarily-restricted revenue are recorded for assessments authorized for the following year. The December 31, 2019, financial statements include:

BID Assessments	\$500,000
Dockwall Assessment	34,412
Riverwalk Construction	19,068
Riverwalk Maintenance	<u>10,800</u>
Total Net Property Assessment Receivable	<u>\$564,280</u>

Included in the current portion of long-term notes receivable and accrued interest - notes receivable is \$53,480 of assessments. Total assessments paid to the Organization in February 2020 were \$564,280 including the notes receivable and accrued interest portions.

**NOTE G - Accounts Receivable**

As of December 31, 2019, accounts receivable consists of the following:

Market Tenant Receivables	\$28,521
Other Receivables	<u>1,501</u>
Accounts Receivable	<u>\$30,022</u>

**NOTE H - Notes Receivable - Property Owners**

As part of the Organization's participation in improvement of the Milwaukee Riverwalk and Dockwalls, notes receivable for shares of land improvements have been obtained from owners of properties adjacent to the Riverwalk. Repayment of the notes began with assessments on the properties beginning the year following completion of work. The notes have an interest rate of 6.8% and are being repaid over 20 years starting in 2004. The notes are secured by a mortgage on the related property. At December 31, 2019, the balance on the notes was \$154,227.

Notes receivable consist of the following at December 31, 2019:

Milwaukee Riverwalk Improvement Loans	\$ 89,167
Milwaukee Dockwall Improvement Loans	<u>65,060</u>
Total	<u>\$154,227</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE H - Notes Receivable - Property Owners (continued)**

Future receipts of principal are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 25,988
2021	26,860
2022	27,897
2023	26,491
2024	28,293
Thereafter	<u>18,698</u>
Total	<u>\$154,227</u>

**Credit Quality Indicators**

As of December 31, 2019, the Organization had only one category of notes. Low risk notes are defined as notes collected through tax assessments. Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

<u>Loan Type</u>	<u>Note Receivable</u>	<u>Allowance Amount</u>
Low Risk	\$154,227	\$ ---
Total	<u>\$154,227</u>	<u>\$ ---</u>

**NOTE I - Notes Payable**

The Organization has a 20-year note payable to the City of Milwaukee relating to the Riverwalk project. The note bears an interest rate of 3.185%. Payments received from notes receivable - property owners will be used to pay a portion of the required \$47,209 annual payment. Repayment of the note began in 2005. At December 31, 2019, the balance on the note was \$215,123.

The Organization has a loan with the City of Milwaukee for the Dockwall project. Repayment of the 19-year loan began in 2006 requiring annual payments of \$36,522. Payments received from land owners for notes receivable will be used to repay a portion of the loan. The loan has a stated interest rate of 4.1% and a balance of \$162,136 at December 31, 2019. Required future payments of principal on notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 70,232
2021	72,743
2022	75,344
2023	78,040
2024	<u>80,900</u>
Total	<u>\$377,259</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
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**NOTE J - Investments - Debt Service Funds**

In accordance with the Organization's bonds and related agreements (see Note K to the financial statements), the Organization maintains an advance funded interest reserve to cover the next 12 months of interest and redemptions, recalculated each September 15. At December 31, 2019, the balance in the advance funded interest reserve was \$331,847. Debt service funds are carried at cost.

**NOTE K - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	\$331,847	\$331,847	\$ ---	\$ ---
Total	<u>\$331,847</u>	<u>\$331,847</u>	<u>\$ ---</u>	<u>\$ ---</u>

**NOTE L - Long-Term Bond Liability**

The Redevelopment Authority of the City of Milwaukee issued \$5,720,000 of development revenue bonds in April 1999, of which the proceeds were lent to the Organization for construction of the Water Street Parking Structure. Interest on the loan is payable monthly at a variable rate which is adjusted weekly.

The bonds are secured by substantially all of the Organization's assets. The bonds were refinanced in September 2018 with Town Bank, principal amount of \$2,195,000 and \$830,000 for nontaxable and taxable bonds, respectively. The repayment schedule and bond discount remains the same. The prior contract's bond issue costs have been fully amortized and the new bond issue costs will be amortized over the remaining life of the bond. Bond issue costs at December 31, 2019 equaled \$115,507.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
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**NOTE L - Long-Term Bond Liability (continued)**

The Organization has the right to redeem any of the outstanding bonds for their face value.

As stated in Note H to the financial statements, the Organization is required to maintain an advance funded interest reserve for payments of interest and redemptions. The bonds were issued at a discount of \$57,200. Amortization of the discount in the year ended December 31, 2019, was \$1,538. Net long-term bond liability consists of the following:

Bonds Payable	\$2,790,000
Unamortized Discount	<u>(7,599)</u>
Net Long-Term Bond Liability	<u>\$2,782,401</u>

Future required bond redemptions are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 250,000
2021	260,000
2022	275,000
2023	290,000
2024	310,000
Thereafter	<u>1,405,000</u>
Total	<u>\$2,790,000</u>

**NOTE M - Parking Structure and Retail Leases**

**Milwaukee Street Parking Structure - City of Milwaukee Agreement**

On June 13, 1994, the Organization entered into a Parking Ramp Cooperation and Development Agreement with the City of Milwaukee. Under the agreement, the Organization received money from the city to construct a parking structure to serve the public purpose of promoting economic development and urban renewal within the Historic Third Ward district.

The agreement requires the Organization to use excess cash from parking structure funds in the following manner:

1. Pay normal and customary operating and maintenance expenses of the Water Street Parking Structure.
2. Fund payment of the City of Milwaukee Redevelopment Bonds issued for the Historic Third Ward Parking Facility Project noted in Note L to the Financial Statements.
3. Fund an interest rate stabilization reserve.

The Organization's management has determined that any excess funds from the year ended December 31, 2019, have been used in accordance with the first two points above and funds are not available to fund the interest stabilization reserve.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
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**NOTE M - Parking Structure and Retail Leases (continued)**

**Milwaukee Street Parking Structure - Land Lease**

The Milwaukee Street Parking Structure was constructed on a 50-year non-cancellable lease with a third party. The Organization has the option to extend the lease with proper notice for an additional ten years. The lease requires payments totaling \$50 during the initial 50-year lease period. As part of the lease agreement, the Organization is required to provide up to 192 parking spaces to the lessor at no charge.

**Water Street Parking Structure Agreement**

The Water Street Parking Structure was constructed with proceeds from bonds issued by the City of Milwaukee as per Note L to the financial statements. In exchange for the three parcels of land needed to construct the parking structure, the Organization reserved 70 parking spaces in the form of a lease and issued a promissory note totaling approximately \$296,000. The lease terms are for 99 years without rent and only require the tenants to pay an annual maintenance fee of approximately \$150 per space. Each space has been valued at approximately \$7,500 for a total value of \$525,000. The lease commenced on February 1, 2000.

Land totaling \$525,000 and deferred rental revenue of \$549,309 were recorded in 1999.

At December 31, 2019, the Organization has related deferred revenue consisting of the following:

Advance Payment of Parking Rentals	<u>\$438,329</u>
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**Retail Lease Agreements**

The Organization leases out retail space to tenants in the Water Street and Milwaukee Street Parking Structures. The leases respectively call for monthly rent payments of \$4,470 and \$1,500 through September 2022.

An amendment to one of the leases signed in April 2016 extends that lease to 2027 and requires monthly payments of \$4,470 from October 2017 through September 2022 and monthly payments of \$4,887 through the remainder of the lease term.

An amendment to one of the leases signed in October 2017 extends that lease to 2022 and requires monthly payments of \$1,500.

The Organization also leases out retail space to a tenant in the Broadway Building. The lease calls for monthly rent payments of \$5,854 through November 2018 and \$6,732 through November 2023.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
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**NOTE M - Parking Structure and Retail Leases (continued)**

Rental income of \$181,299 for the year ended December 31, 2019, is included on the financial statements for these leases, and the expected future rent payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$152,431
2021	152,431
2022	149,181
2023	132,697
2024	58,644
Thereafter	<u>161,271</u>
Total	<u>\$806,655</u>

**Park Lease Agreements**

The Organization entered into leases with the City of Milwaukee for the parks known as Catalano Square and the Erie Street Plaza. The lease agreements commenced on July 1, 2010, and will terminate on June 30, 2025. The Organization intends to use the land to promote itself and to enhance the urban green space.

**Tower Space Lease Agreements**

The Organization has a master twenty-five year licensing agreement for cell tower space to Verizon Wireless in Milwaukee Public Market, Water Street and Milwaukee Street Parking Structures. All six supplemental leases call for annual rent payments of \$1,800, increasing by 3% each year after installation of the cell tower.

Rental income of \$7,200 for the year ended December 31, 2019, is included on the financial statements for these leases, and the expected future rent payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 11,016
2021	11,346
2022	11,687
2023	12,037
2024	12,399
Thereafter	<u>328,075</u>
Total	<u>\$386,560</u>



**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
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**NOTE N - Public Market Parking Lot**

Construction of the Public Market was completed in 2005. The United States Department of Commerce, Economic Development Administration, provided a \$2,500,000 grant to the Organization to help complete the Public Market building. If the use, transfer or alienation of the Public Market property is in violation of the grant agreement, an amount of \$2,500,000 or an amount determined pursuant to 13 CFR Part 314 shall be due and payable to the Department of Commerce. This lien and encumbrance will terminate in 2025.

The Milwaukee Public Market has a five-year lease with the Wisconsin Department of Transportation for the parking lot of the Public Market, which was signed in March 2017. The renegotiated lease has \$8,560 in monthly lease payments for five years starting March 1, 2017, and ending February 28, 2022.

The expected future payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$102,720
2021	102,720
2022	<u>17,120</u>
Total	<u>\$222,560</u>

**NOTE O - Milwaukee Public Market Lease Agreements**

The Organization also has various rental agreements with vendors for space at the Milwaukee Public Market. The vendors are required to pay rent based on a base rent, percentage of sales or both. The terms of these agreements also vary.

The currently contracted base rents are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$228,332
2021	166,900
2022	153,481
2023	133,406
2024	90,620
Thereafter	<u>69,120</u>
Total	<u>\$841,859</u>

**NOTE P - Security Deposits**

As of December 31, 2019, the Organization had collected refundable parking security deposits of \$16,380 and a security deposit for commercial space of \$5,391.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
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**NOTE Q - Deferred Revenue**

The Organization will recognize the Water Street Parking over the life of the lease described in Note M and the six pieces of equipment which have rent released for five years from the initial purchase. At December 31, 2019, the Organization had related deferred revenue of \$489,096.

Future deferred revenue amounts are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 19,885
2021	14,498
2022	13,811
2023	13,811
2024	12,104
Thereafter	<u>414,987</u>
Total	<u>\$489,096</u>

**NOTE R - Special Projects**

The Organization incurred expenses while improving the Historic Third Ward through installing renovations such as streetlights, foundations, and parkways. The Organization does not own the land for which the improvements were made, and accordingly, the items were expensed and not capitalized as fixed assets.

**NOTE S - Net Assets Without Donor Restrictions – Board Designated**

The Organization has \$989,189 of board designated net assets at December 31, 2019, which is a reserve for capital costs of the Milwaukee Public Market building.

**NOTE T - Net Assets with Donor Restrictions**

The Organization has net assets with donor restrictions at December 31, 2019, which consists of the following:

2019 Assessments	<u>\$500,000</u>
Total Net Assets with Donor Restrictions	<u>\$500,000</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES  
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**NOTE U - Management Arrangement**

Under an arrangement with the Historic Third Ward Association, the Organization is provided with office facilities, administrative support, and other overhead-related costs. The administrative fees were as follows for the year ended December 31, 2019:

BID Management Fees	\$ <u>126,044</u>
Total	\$ <u>126,044</u>

As of December 31, 2019, the Organization had a receivable from the Historic Third Ward Association totaling \$3,431.

**NOTE V - Revenue From Contracts with Customers**

**Rental Income**

The Organization owns multiple buildings which generate rental revenue through retail and cell tower space leases. Rental revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled per lease agreements. The Organization also owns equipment that is rented to the Milwaukee Public Market which generates rental revenue through the Milwaukee Public Market's use of the equipment. Rental revenue is billed on a monthly basis per lease agreements. Revenue is recognized each month. For the year ended December 31, 2019, rental revenue was \$204,764.

**Parking Revenue**

The Organization owns multiple parking structures which generate revenue through use of the structures. The parking revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the use of the parking structures. Revenue from parking is recognized at the point in time of use and the Organization's performance obligation is completed. For the year ended December 31, 2019, parking revenue was \$2,366,512.

**Milwaukee Public Market Kitchen Event Revenue**

The Organization hosts numerous events in the Milwaukee Public Market such as private events, public cooking classes and private cooking classes. Events require a deposit of at least \$500 to guarantee the date of the event. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrant access to the event and event materials. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed. Receipts and deposits collected in advance of the event are deferred as contract liabilities until earned when the event is held at which the point the revenue is recognized.

Beginning Deferred Revenue	\$ 34,143
Revenue Recognized From Prior Year Deferred	(34,143)
New Event Revenue	615,025
Revenue Recognized on Kitchen Events	<u>(558,279)</u>
Ending Deferred	\$ <u>56,746</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
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**NOTE W - Assessment Income**

In order to provide revenues to support the Organization's mission, the Common Council of the City of Milwaukee enforced an assessment on property located within the Third Ward area. The assessment is calculated based on assessed values of the properties as of every fall. The assessment levied on the commercial properties was \$1.74 per \$1,000 of assessed property value for the year ended December 31, 2019.

**NOTE X - Retirement Plan**

The Organization has a SIMPLE IRA retirement plan which allows employee, employer and matching contributions. All full time employees are eligible to participate after 90 days of employment. All part time employees are eligible when they have earned at least \$5,000 for the calendar year. During 2019, the Organization matched up to 1% of the participant's annual compensation. These contributions are immediately vested. Total retirement expense for 2019 was \$18,505.

**NOTE Y - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2019 through July 2, 2020, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a pandemic. The outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and facilities. While the disruption is expected to be temporary, there is a considerable uncertainty around the duration of closings. The Organization expects this matter to negatively impact its ability to carry out the level of services that would otherwise be normal and therefore negatively impact operations. The duration of closures and the financial impact of COVID-19 cannot be reasonably estimated at this time. The Organization and subsidiaries have entered into the Paycheck Protection Program and has received loans of \$306,500 on April 16, 2020. The Organization may be eligible for full or partial loan forgiveness based on if the proceeds are spent on eligible expenditures in the allotted loan coverage period and if the Organization maintains levels of employment as required in the CARES Act

In March 2020, a tenant renewed a lease at the Milwaukee Public Market.

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF STATEMENT OF FINANCIAL POSITION CONSOLIDATION**  
**DECEMBER 31, 2019**

ASSETS

	Business Improvement District No. 2	BID#2 Operations	HTWA Market Project	Eliminations	Totals
<b>CURRENT ASSETS</b>					
Cash	\$ 2,985,871	\$ 1,055,908	\$ 2,520,575	\$ ---	\$ 6,562,354
Net Property Assessment Receivable	564,280	---	---	---	564,280
Accounts Receivable	1,501	78,000	28,521	(78,000)	30,022
Due From BID#2 Operations LLC	1,141,145	---	---	(1,141,145)	---
Due from Historic Third Ward Association	---	---	3,431	---	3,431
Accrued Interest - Notes Receivable	10,487	---	---	---	10,487
Prepaid Expenses	8,582	---	61,107	---	69,689
Inventory	246,560	---	20,333	---	266,893
Current Portion of Long-Term Notes Receivable	25,988	---	---	---	25,988
Total Current Assets	<u>\$ 4,984,414</u>	<u>\$ 1,133,908</u>	<u>\$ 2,633,967</u>	<u>\$ (1,219,145)</u>	<u>\$ 7,533,144</u>
<b>FIXED AND INTANGIBLE ASSETS</b>					
Land	\$ 1,639,631	\$ ---	\$ ---	\$ ---	\$ 1,639,631
Buildings	21,129,373	---	---	---	21,129,373
Equipment	281,856	---	59,329	---	341,185
Riverwalk Docks	16,875	---	---	---	16,875
Capital Improvements	---	---	64,410	---	64,410
Website	---	---	3,000	---	3,000
Less: Accumulated Depreciation	(10,297,189)	---	(47,145)	---	(10,344,334)
Net Fixed Assets	<u>\$ 12,770,546</u>	<u>\$ ---</u>	<u>\$ 79,594</u>	<u>\$ ---</u>	<u>\$ 12,850,140</u>
<b>LONG-TERM ASSETS</b>					
Notes Receivable - Property Owners	\$ 154,227	\$ ---	\$ ---	\$ ---	\$ 154,227
Less: Current Portion	(25,988)	---	---	---	(25,988)
Total Long-Term Assets	<u>\$ 128,239</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 128,239</u>
<b>OTHER ASSETS</b>					
Investments - Debt Service Funds	\$ 331,847	\$ ---	\$ ---	\$ ---	\$ 331,847
Bond Issuance Costs - Net of Accumulated Amortization	115,507	---	---	---	115,507
Due From Milwaukee Public Market	86,852	---	---	(86,852)	---
Total Other Assets	<u>\$ 534,206</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (86,852)</u>	<u>\$ 447,354</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 18,417,405</u></u>	<u><u>\$ 1,133,908</u></u>	<u><u>\$ 2,713,561</u></u>	<u><u>\$ (1,305,997)</u></u>	<u><u>\$ 20,958,877</u></u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF STATEMENT OF FINANCIAL POSITION CONSOLIDATION**  
**DECEMBER 31, 2019**

LIABILITIES AND NET ASSETS

	Business Improvement District No. 2	BID#2 Operations	HTWA Market Project	Eliminations	Totals
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 224,854	\$ ---	\$ 51,189	\$ (78,000)	\$ 198,043
Accrued Payroll	---	49,048	62,017	(16,145)	94,920
Accrued Real Estate Taxes	478,727	---	---	---	478,727
Market Cards	---	---	207,951	---	207,951
Other Liabilities	8,819	---	69,069	---	77,888
Due to Business Improvement District #2	---	1,125,000	86,852	(1,211,852)	---
Add: Current Portion of Long-Term Liabilities	320,232	---	---	---	320,232
Total Current Liabilities	<u>\$ 1,032,632</u>	<u>\$ 1,174,048</u>	<u>\$ 477,078</u>	<u>\$ (1,305,997)</u>	<u>\$ 1,377,761</u>
<b>LONG-TERM LIABILITIES</b>					
Notes Payable	\$ 377,259	\$ ---	\$ ---	\$ ---	\$ 377,259
Net Long-Term Bond Liability	2,782,401	---	---	---	2,782,401
Deferred Revenue	489,096	---	---	---	489,096
Less: Current Portion	(320,232)	---	---	---	(320,232)
Total Long-Term Liabilities	<u>\$ 3,328,524</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 3,328,524</u>
<b>OTHER LIABILITIES</b>					
Security and Key Card Deposits	\$ 21,771	\$ ---	\$ ---	\$ ---	\$ 21,771
Total Other Liabilities	<u>\$ 21,771</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 21,771</u>
Total Liabilities	<u>\$ 4,382,927</u>	<u>\$ 1,174,048</u>	<u>\$ 477,078</u>	<u>\$ (1,305,997)</u>	<u>\$ 4,728,056</u>
<b>NET ASSETS</b>					
Without Donor Restrictions					
Operating	\$ 13,534,478	\$ (40,140)	\$ 1,247,294	\$ ---	\$ 14,741,632
Board Designated	---	---	989,189	---	989,189
Total Net Assets Without Donor Restrictions	<u>\$ 13,534,478</u>	<u>\$ (40,140)</u>	<u>\$ 2,236,483</u>	<u>\$ ---</u>	<u>\$ 15,730,821</u>
With Donor Restrictions	500,000	---	---	---	500,000
Total Net Assets	<u>\$ 14,034,478</u>	<u>\$ (40,140)</u>	<u>\$ 2,236,483</u>	<u>\$ ---</u>	<u>\$ 16,230,821</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,417,405</u>	<u>\$ 1,133,908</u>	<u>\$ 2,713,561</u>	<u>\$ (1,305,997)</u>	<u>\$ 20,958,877</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Business Improvement District No. 2	BID#2 Operations	HTWA Market Project	Eliminations	Total
<b>REVENUE</b>					
BID Assessments	\$ 584,099	\$ ---	\$ ---	\$ ---	\$ 584,099
City of Milwaukee Contributions	5,000	---	---	---	5,000
Parking Revenue	2,366,512	---	622,819	---	2,989,331
Program Revenue	---	---	628,812	---	628,812
Product Sales	---	---	26,591	---	26,591
Maintenance Fees	10,080	---	---	---	10,080
Investment Income	79,494	11,214	42,351	---	133,059
Interest Income on Notes Receivable - Property Owners	10,487	---	---	---	10,487
Rental Income	204,764	---	887,842	---	1,092,606
Gain on Disposal of Fixed Assets	5,000	---	10,000	---	15,000
Management Fee	---	814,028	---	(814,028)	---
Miscellaneous Income	18,822	---	30,058	---	48,880
Bio Fuel Revenue	---	---	3,184	---	3,184
Total Revenue	<u>\$ 3,284,258</u>	<u>\$ 825,242</u>	<u>\$ 2,251,657</u>	<u>\$ (814,028)</u>	<u>\$ 5,547,129</u>
<b>EXPENSES</b>					
Professional Fees	\$ 103,770	\$ ---	\$ 12,314	\$ (74,849)	\$ 41,235
Parking Lot Management/Staffing	530,113	---	131,208	(374,101)	287,220
Contracted Services	40,743	---	---	---	40,743
Utilities	69,819	---	186,831	---	256,650
Equipment Expense	42,406	---	72,893	---	115,299
Maintenance	428,215	---	---	(365,078)	63,137
Real Estate Taxes	266,530	---	97,880	---	364,410
Bond Expense	16,634	---	---	---	16,634
Administrative Expense	34,243	---	---	---	34,243
Interest Expense	108,152	---	---	---	108,152
Licenses and Permits	1,513	---	---	---	1,513
Insurance	34,525	---	11,083	---	45,608
Architectural and Engineering Costs	18,664	---	---	---	18,664
Association Funding	299,144	---	---	---	299,144
Shuttle Program	26,152	---	3,993	---	30,145
Sales and Use Tax	121,743	---	64,057	---	185,800
Management Fees	126,044	---	---	---	126,044
Special Projects	130,051	---	---	---	130,051
Outdoor Market	---	---	(95)	---	(95)
Depreciation	616,764	---	9,381	---	626,145
Bank Charges and Credit Card Fees	43,789	3,283	39,706	---	86,778
Advertising and Marketing	---	---	86,265	---	86,265
Worker's Compensation	---	---	12,270	---	12,270
Salaries and Wages	---	688,350	552,061	---	1,240,411
Employee Benefits	---	79,289	79,233	---	158,522
Payroll Taxes	---	58,908	55,425	---	114,333
Retirement Expenses	---	3,313	15,192	---	18,505
Office Supplies	---	---	16,799	---	16,799
Kitchen Expenses	---	---	262,461	---	262,461
CAM Expenses	---	---	190,593	---	190,593
Meals and Entertainment	---	---	3,246	---	3,246
Bad Debt Expense	---	---	290	---	290
Dues and Subscriptions	---	---	142	---	142
Total Expenses	<u>\$ 3,059,014</u>	<u>\$ 833,143</u>	<u>\$ 1,903,228</u>	<u>\$ (814,028)</u>	<u>\$ 4,981,357</u>
CHANGE IN NET ASSETS	<u>\$ 225,244</u>	<u>\$ (7,901)</u>	<u>\$ 348,429</u>	<u>\$ ---</u>	<u>\$ 565,772</u>

**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF MILWAUKEE STREET PARKING STRUCTURE REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>REVENUE</b>		
Parking Revenue	\$ 1,152,986	\$ 1,005,555
Rental Income	57,236	53,636
Miscellaneous Income	4,487	---
Total Revenue	<u>\$ 1,214,709</u>	<u>\$ 1,059,191</u>
 <b>EXPENSES</b>		
Parking Lot Management/Staffing	\$ 271,142	\$ 187,360
Credit Card Fees	20,278	15,242
Professional Services	2,000	---
Contractors	14,696	12,975
Security	---	2,200
Utilities	32,738	31,371
Equipment	9,272	9,589
Maintenance	23,803	4,931
Real Estate Taxes	122,964	122,248
Administrative Expenses	8,473	8,793
Insurance	9,310	8,031
Licenses and Permits	732	60
Sales and Use Tax	58,298	53,029
Depreciation Expense	325,082	154,381
Special Projects	1,058	---
Total Expenses	<u>\$ 899,846</u>	<u>\$ 610,210</u>
 <b>NET INCOME</b>	<u>\$ 314,863</u>	<u>\$ 448,981</u>
 <b>INCOME BEFORE DEPRECIATION EXPENSE</b>	<u>\$ 639,945</u>	<u>\$ 603,362</u>
 Parking Equipment	\$ 21,739	\$ 102,952



**BUSINESS IMPROVEMENT DISTRICT NO. 2 AND SUBSIDIARIES**  
**SCHEDULE OF WATER STREET PARKING STRUCTURE REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	<u>2019</u>	<u>2018</u>
<b>REVENUE</b>		
Parking Revenue	\$ 1,215,557	\$ 1,186,203
Maintenance Fees	10,080	10,592
Rental Income	27,155	23,555
Total Revenue	<u>\$ 1,252,792</u>	<u>\$ 1,220,350</u>
<b>EXPENSES</b>		
Parking Lot Management/Staffing	\$ 258,972	\$ 222,032
Credit Card Fees	22,330	15,644
Professional Services	2,000	---
Contractors	21,662	25,652
Security	---	2,200
Utilities	25,589	28,033
Equipment	7,388	6,341
Maintenance	23,903	13,497
Real Estate Taxes	118,639	119,147
Bond Expenses	108,865	121,168
Administrative Expenses	7,658	7,817
Insurance	8,400	7,245
Interest Expense	---	1,247
Licenses and Permits	40	30
Sales and Use Tax	63,445	59,836
Depreciation Expense	167,612	155,124
Total Expenses	<u>\$ 836,503</u>	<u>\$ 785,013</u>
 <b>NET INCOME</b>	 <u><u>\$ 416,289</u></u>	 <u><u>\$ 435,337</u></u>
 <b>INCOME BEFORE DEPRECIATION EXPENSE</b>	 <u><u>\$ 583,901</u></u>	 <u><u>\$ 590,461</u></u>
 Parking Equipment	 \$ 21,739	 \$ 102,952